Interface of Mobility and Sustainability:

Thompson v. HUD

Final Report

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With

The Urban Institute

Interface of Mobility and Sustainability:
Thompson v. HUD

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FOREWORD

Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), and disability. The U.S. Department of Housing and Urban Development (HUD) enforces the Fair Housing Act. Section 808(e)(5) of the Act obligates HUD to administer its programs and activities relating to housing and urban development in a manner affirmatively further fair housing.

In a decision dated January 6, 2005, a U.S. District Court in Baltimore held in *Thompson v. HUD* that the U.S. Department of Housing and Urban Development (HUD) had failed to affirmatively further fair housing in the Baltimore metropolitan region. A settlement agreement was then negotiated with plaintiffs represented by the American Civil Liberties Union of Maryland and the NAACP Legal Defense Fund. A key component of the settlement agreement was the provision of flexible Housing Choice Vouchers (HCVs) to the plaintiffs along with special mobility counseling, in which eligible low-income African-American families with children living in Baltimore City would use the vouchers to relocate to "opportunity neighborhoods" throughout the region.

Among other provisions, the settlement agreement for *Thompson v. HUD* required HUD to contract with an independent researcher to undertake an analysis of the location patterns of the HCV recipients who were given special mobility counseling as a result of the settlement. HUD commissioned Applied Real Estate Analysis, Inc., to examine the *Thompson* households' moves to opportunity neighborhoods and the barriers to regional mobility. This is the final report from that settlement, which is not and was not designed to be a rigorous evaluation of the *Thompson* mobility program that was implemented as a result of the settlement. The report also does not provide any findings relating to how well the mobility program was implemented. It is rather a monitoring study, addressing the specific questions and issues outlined in the settlement agreement. The report is not designed to address whether the households served would have been better or worse off absent the *Thompson* settlement, or whether the benefits of the *Thompson* mobility program exceed its costs.

Some key questions and findings are—

What are Thompson households' location outcomes to opportunity neighborhoods?

For first moves to achieve access to opportunity neighborhoods, the *Thompson* households did not do as well as one comparison group (regional HCV households) but did better than another (Housing Authority of Baltimore City households). For the last recorded move in accessing opportunity neighborhoods, the *Thompson* households showed little difference from the regional HCV cohorts, although the regional HCV cohorts started out better. For multiple moves, *Thompson* households were more likely than the cohort comparison group initially to locate in opportunity neighborhoods; however, they did not do better over time. *Thompson* households did spend more of their time in opportunity neighborhoods than did the comparison groups.

What is the availability of housing and what is the risk of loss of affordability in the Baltimore region?

Nonelderly assisted units in opportunity neighborhoods are limited in number in the Baltimore region and at greater risk of loss (becoming unaffordable). Units that are more likely to experience loss are (1) those owned by for-profits and where the rent-to-Fair Market Rent ratio is low, or (2) those owned by nonprofits lacking project capital reserves and where units are in deteriorating condition. Other factors—such as urbanization; high neighborhood median rents; high neighborhood median incomes and a low poverty rate; as well as low vacancy rates, smaller project size, greater age of property, specific project development financing, and limited project owner administrative capability—all contribute to risk of loss of affordability of units. Only 6 percent of assisted units in the study opportunity areas are without risk factors.

What are the impediments to Baltimore HCV holders accessing units outside of Baltimore City?

Two impediments to voucher holders in the Baltimore region in accessing units outside of Baltimore City are the lack of transit options and the limited number of multifamily units. A greater proportion of Baltimore City and Annapolis residents rely on public transportation for work than do residents of the regions' counties. Minority residents of the region use public transportation more frequently for travel to work than do White residents. These facts suggest that the region's minority residents are more likely to be transit-dependent in a region where transit alternatives outside of Baltimore City are relatively sparse.

What are the barriers to development of housing in the region?

Zoning and land use regulations have restricted voucher households in the Baltimore region from moving outside of Baltimore City into neighboring counties with high-opportunity neighborhoods. Further, new sewer and water lines cannot be extended in rural areas that are beyond urban development boundaries mandated by the state of Maryland, and this restriction will limit future development of multifamily housing in the region.

This monitoring report shows that the *Thompson* mobility program facilitated *Thompson* households in moving to neighborhoods with lower poverty rates, lower concentrations of African-American populations, and lower concentrations of voucher-assisted households compared to other HCV holders in the region—in an environment of de facto racial and economic segregation. The report, however, does not provide any evidence that the *Thompson* mobility program was effective in attaining the goal for households to move and remain in "opportunity neighborhoods" in the long term.

For more rigorous research on the impact of mobility counseling programs and related outcomes, HUD encourages readers to review the interim and final reports from the Moving to Opportunity demonstration. (See HUD User website at https://www.huduser.gov/portal/datasets/mto.htm.) This comprehensive study rigorously tested the benefits of mobility counseling and its link to neighborhood choice and opportunity for low-income households with HCVs.

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SECTION I.
EXECUTIVE SUMMARY

In 1995, six African-American families residing in public housing in Baltimore, Maryland sued the U.S. Department of Housing and Urban Development (HUD), the Housing Authority of Baltimore City (HABC), and the City of Baltimore for allegedly establishing and perpetuating a system of segregated public housing—*Thompson v. HUD, et al.* ("Thompson"). The landmark lawsuit on behalf of a class of African-American public housing residents occurred as the government planned to demolish housing projects in the city and replace them with new units in neighborhoods with similar levels of segregation.[1] The American Civil Liberties Union of Maryland, which represented the families, alleged on behalf of the plaintiffs that HABC, the City, and HUD had engaged in racial and economic segregation through site selection and development of public housing in the City of Baltimore, and that project siting decisions were determined largely by community opposition to public housing in White neighborhoods.

As a result of a "Partial Consent Decree" (PCD), HABC initially received 1,988 Housing Choice Vouchers to be administered regionally by a mobility-counseling contractor to enable households to find housing largely outside the City of Baltimore in neighborhoods in other parts of the region. Approved neighborhoods to which voucher recipients were allowed to move met specific guidelines for having low concentrations of African-American population as well as low percentages of assisted housing and households with incomes below the poverty level. Later, as the result of a final Settlement Agreement in 2012, entered in 1996, the total number of vouchers was increased to 4,388, which were to be incrementally available to households through 2018.

Applied Real Estate Analysis (AREA), Inc., together with its subcontractors the Urban Institute (Urban) and consultants Stefanie DeLuca and Eli Knaap, was retained by HUD to conduct the research project "The Interface of Mobility and Sustainability: *Thompson v. HUD*." The focus of this research is an examination of the movement patterns of housing voucher recipients who were given special counseling and flexible vouchers as a result of the *Thompson v. HUD* court settlement and an analysis of the characteristics of neighborhoods to which they moved. The study also examines key research objectives defined by the court settlement to assess a wide variety of factors that potentially affect voucher recipients' ability to move to "opportunity neighborhoods."

[1] The plaintiffs or class in the lawsuit includes all African Americans who have resided or will reside in Baltimore City family public housing units at any time from January 31, 1995 until January 1, 2027.

KEY RESEARCH OBJECTIVES

The final Settlement Agreement for *Thompson v. HUD* identified six key research objectives, which are the focus of this study.

1. **Research Objective 1.** An analysis of the racial/ethnic patterns in the location of units in the Baltimore region leased using tenant-based vouchers and project-based forms of housing assistance, and identification of concentrations of tenants using these vouchers and forms of assistance, broken down by income, race, ethnicity, household type and composition, and other relevant factors.

2. **Research Objective 2.** An inventory of federally assisted or insured non-elderly family housing units in the Baltimore region, including Low-Income Housing Tax Credit (LIHTC) units, with the goal of assessing the risk of loss of assisted units in communities of opportunity.

3. **Research Objective 3.** An analysis of applications for and occupancy of federally assisted or insured non-elderly family housing units in the Baltimore region by income, race, ethnicity, household type and composition, number of children, use of voucher and other rent subsidies, neighborhood demographics, performance of schools serving the units, and other relevant factors.

4. **Research Objective 4.** An identification of impediments to Baltimore voucher holders accessing units outside of Baltimore City created by transportation barriers, unavailability of affordable rental stock, unwilling landlords, or other factors as well as possible solutions to address identified impediments.

5. **Research Objective 5.** An analysis of the locational patterns of educational opportunity, health care facilities and providers, and other quality-of-life–related infrastructure throughout the Baltimore region, and analysis of the accessibility of such opportunities and infrastructure to Plaintiff Class Members.

6. **Research Objective 6.** Provide an assessment of barriers to the development of public housing or federally assisted or insured non-elderly housing (including LIHTC projects) in communities of opportunity within the Baltimore region, including an analysis of the fair housing impact of such regulations and the identification of more inclusive alternatives and "best practices."

Major objectives of the research were to determine the extent to which households who received special "Thompson vouchers" live in higher quality, more opportunity-rich neighborhoods than similar households who receive Housing Choice Vouchers (HCVs) that are not part of the Thompson program. We also assessed the availability of affordable housing, especially federally assisted and/or insured housing for families, in high opportunity neighborhoods.

To make these assessments, we first had to create a measure to identify “opportunity” neighborhoods and locate them within the study area, which included Anne Arundel, Baltimore, Carroll, Harford, and Howard counties plus the cities of Baltimore and Annapolis. For purposes of the analysis we used two definitions to categorize all neighborhoods in the region: the Partial Consent Decree’s three criteria for identifying areas in which Thompson households could use vouchers and an “opportunity mapping” approach. The PCD’s three minimum criteria included a census tract poverty rate of less than 10 percent, a tract African-American population below 30 percent, and a total share of the census tract rental housing stock that is public or assisted housing below 5 percent. The opportunity mapping approach built on previous work in Baltimore and elsewhere, and used the following four key categories of measures and data sources:

- **Institutional.** These measures are intended to represent important structural resources that are not directly under the control of neighborhood residents—of which schools and student performance are particularly important.

- **Geographic.** These measures are meant to capture access to goods and services, and include job accessibility and access to health care facilities, public institutions, and social organizations.

- **Environmental.** These measures include a crime victimization index (which captures the social environment), proximity to designated toxic release sites (which captures the ambient physical environment), and the share of housing units that are vacant (a measure of physical disorder).

- **Social-interactive.** These include common measures of concentrated affluence or disadvantage, including homeowner occupancy rate, poverty rate, educational attainment for adults, unemployment rate, and welfare receipt.

Using these criteria, we categorized census tracts in the region as “very high,” “high,” “moderate,” “low,” or “very low” opportunity neighborhoods with each tract representing a distinct neighborhood.

Key Findings

Thompson Program Location Outcomes

The research examined the location patterns of households who received special Thompson vouchers compared to tenants who received HCVs from HABC and all other HCV recipients in the five-county study region (referred to as "regional HCV households"). Findings below refer to high opportunity neighborhoods, which include areas of both high and very high opportunity.

Key findings included:

- In 2013, the last year for which data were available, Thompson households lived in neighborhoods with lower poverty rates, smaller African-American populations, and lower concentrations of voucher-assisted housing compared to other voucher holders in the region.
  - The average neighborhood poverty rate for Thompson households was identical to that of the entire study region (13 percent).
- Whereas in 2013 only 27 percent of Thompson households lived in a neighborhood that met all three Thompson Partial Consent Decree criteria, the more comprehensive opportunity mapping measure showed that Thompson household locational outcomes were far superior to those of HABC households.
- Thompson household locational outcomes were far superior to those of HABC households for every opportunity measure examined.
- Comparisons of Thompson voucher recipients with regional HCV households suggested some clear advantages for Thompson households—particularly for more recent cohorts of participants.
  - Three-quarters of the households who joined the Thompson program in 2011 and 2012 moved to high or very high opportunity neighborhoods for their first moves.
  - The shares of regional HCV households who reached high opportunity neighborhoods remained steady over admission-year cohorts and multiple moves, whereas the shares of Thompson households who reached high-opportunity neighborhoods tended to increase over cohort years, eventually surpassing their regional HCV counterparts.
- After the first move with a Thompson voucher, smaller shares of Thompson households reached high opportunity neighborhoods with each subsequent move.

- The Thompson households spent more time—both in years and in the percentage of their observed tenure in voucher-assisted housing—in high opportunity neighborhoods compared to HABC households (who almost never move to high opportunity neighborhoods) and regional HCV households.
- Thompson households also spent more time in high opportunity neighborhoods (both in years and in the percentage of their tenure spent in high opportunity neighborhoods) than White HCV households issued vouchers from public housing authorities in the remainder of the study region.

Availability and Risk of Loss of Federally Assisted/Insured Family Housing

The study examined the characteristics of federally assisted or insured, non-elderly family housing in the Baltimore region and assessed the possible risks of loss of affordable units, especially in high opportunity areas.

- In interviews conducted for this report, public officials in local housing agencies and other stakeholders reported that the region had a strong housing market that was bringing in new development but also creating affordability challenges for lower-income renters in a number of communities. Interviewees said that vouchers remain a critical subsidy for renters with the lowest incomes, but barriers still exist to voucher use. An aging affordable housing stock and insufficient resources for redevelopment and preservation of affordable units were also concerns.
- Assisted housing resources for families in high opportunity areas are limited. Only about 9 percent of all assisted non-elderly housing units in the region, or 3,628 assisted units, in 31 properties are located in census tracts that had an opportunity score of high or very high. The assisted units include public housing, Section 8 project-based rental assistance contracted properties, Section 236 multifamily, Rural Development Section 515, Rural Development Section 538, LIHTC, FHA-insured, and HOME grants.
- Public housing was far less likely to be in high opportunity areas, making up 6 percent of assisted units in high opportunity areas compared to 32 percent of total assisted units. Units financed by Section 8 contract (alone or with other subsidies), Low-Income Housing Tax Credit only, or HOME grants only are substantially more prevalent in higher opportunity areas. For example, LIHTC units without other subsidies comprise 25 percent of the assisted units of which 34 percent are located in high opportunity areas.
- Although Baltimore City contains 68 percent of all assisted units in the study area, none of these are located within high opportunity areas. Harford County also contains no assisted units located within high opportunity areas. Conversely, Howard County possesses the largest share of assisted units in high opportunity areas (72 percent), yet the county is home to only 7 percent of all assisted units.
- Compared to the overall portfolio, assisted properties and units in high opportunity tracts are much more likely to be located in neighborhoods with low

poverty rates, high median household incomes, high median rents, and low vacancy rates. These are characteristics associated with higher risk of conversion to market-rate housing. Assisted properties and units in high opportunity areas are also more likely to have subsidy types that would put them at higher risk, which include Section 8 project-based, LIHTC pre-1990, and LIHTC nearing the end of 15-year compliance periods.

Characteristics of Occupants versus Applicants at Assisted/Insured Family Housing

AREA visited 13 affordable family housing developments located in moderate, high, and very high opportunity areas to obtain information on the demographic characteristics of current residents and how they compare with households on their wait lists. We interviewed property managers or leasing staff in person and/or by phone.

The 13 properties include older developments with HUD project-based Section 236 and/or Section 8 subsidies, Rural Development Section 515 financing (some with Section 521 subsidies), and newer properties built using LIHTCs (including two mixed-income developments).

Information on the characteristics of applicants for federally assisted/insured housing is limited. Consequently, this research focused on a small number of properties to determine how much, if any, information is available to compare affordable housing applicants with current residents. Property managers are required to maintain contact information for wait list applicants; however, they are not required to maintain a detailed database on the family characteristics of each applicant, they do not collect information on race or ethnicity of applicants, and they usually update household income information only when a unit becomes available for the household to lease—often months or years after the initial application. As a result, this report provides only limited comparisons of tenant and wait list family characteristics.

The following are key findings from our sample of 13 properties.

- Affordable properties in the sample were well occupied. However, the size of wait lists and the length of time a family must wait for an available unit can vary considerably. Waits are longest at properties where rents are kept low due to deep financial subsidies and/or where residents pay 30 percent of income for rent and utilities. Waits are shortest at LIHTC properties where units have fixed rents that are set to be affordable for households with incomes at 60 percent of area median income (AMI).

- Mixed-income LIHTC properties have relatively few units that would be affordable to a household earning only 30 percent of AMI or less. LIHTC properties accept HCVs, which enable extremely low-income households to live there. Similarly, U.S. Department of Agriculture Rural Development (RD) properties accept both

HCVs and Section 521 Rural Rental Assistance, which allow extremely low-income households to live in assisted rural housing.

- According to data on the four sampled properties with project-based Section 8 subsidies, most household heads in these properties are African American. However, African-American household heads account for the majority of all households in only one of the four census tracts in which the sampled Section 8 properties are located.

- Average household incomes for residents of affordable buildings are much lower than those of their surrounding Census tracts. Only three properties provided information on average household incomes for families on their wait lists; at all three, wait list household incomes were lower than those reported for current tenants. This may reflect increases in household incomes for long-term tenants over time when compared with younger families first applying for affordable units.

- Householders residing in older Section 8 and Rural Development properties are older, on average, than those on wait lists for these developments. Many are long-time residents who are still income qualified but no longer have children living with them.

- All the Section 8 and RD family properties have empty nesters and/or seniors residing in them. For most of these properties, households headed by a person aged 62 (or 65) or older account for less than one in four tenants.

- Some older properties have long-time residents who are "overhoused"—living in units larger than they need as their family size has decreased. Making larger units available to young families with children would be desirable, but relocation could pose a hardship for seniors, especially given the long wait lists typically seen at affordable age-restricted properties.

- With respect to the LIHTC properties, householders aged 65 or older were a very small share of the total in three sampled properties that were developed in the past five years.

- Not all affordable family properties have units with three or more bedrooms. Few households currently residing in the sampled properties had more than two children.

Barriers to Mobility for HCV Households

We examined the housing market supply and demand factors affecting HCV households' access to affordable market-rate as well as assisted/insured housing.

- The Baltimore region's population continues to grow steadily and is increasing in diversity, but the region overall remains highly racially segregated, particularly with regard to African Americans, with the highest levels of segregation found in Baltimore City, Baltimore County, and the portion of Anne Arundel County outside of Annapolis.
- The region is also segregated by income, with low incomes and high poverty rates in the City of Baltimore, and much higher incomes and lower poverty rates in the suburban counties.
- The following are impediments to Thompson and Baltimore City voucher holders moving to opportunity areas in suburbs:
  - Rents are high and the rental market is tight in many parts of the region. The median rents in many areas are above 120 percent of HUD-defined Fair Market Rents.
  - Outside of the City of Baltimore and Carroll and Harford counties, few market-rate rental units exist that would be affordable to a household with income at or below 60 percent of AMI.
  - There are fewer rental units versus owner-occupied units in opportunity areas compared to other neighborhoods in the region, and rents are higher in high opportunity areas.
  - Based on interviews with local real estate industry representatives and affordable housing advocates, many landlords are reluctant to accept vouchers in some neighborhoods. Legislation prohibiting discrimination based on source of income provides protection for voucher holders in Howard County and the City of Annapolis; however, proposed state legislation that would extend this protection to all study area jurisdictions failed to pass numerous times.
  - In addition, interviewees agreed with recent research that identifies the tendency of some Baltimore City landlords to recruit voucher holders and steer them to specific neighborhoods, which further concentrates voucher recipients in low opportunity areas (Rosen, 2014).
  - Lack of access to transit in many suburban areas is an impediment for some voucher households.
  - Based on interviews, many voucher holders are not aware of how to navigate the suburban apartment market and landscape.

- Interviewees recommended approaches to overcoming impediments to mobility and the use of vouchers in more high opportunity areas, including:
  - Continued education efforts with landlords on both voucher programs and the reliability of voucher tenants.
  - Mobility counseling for voucher holders who are not in the Thompson program on how to find neighborhoods with the characteristics that best suit their needs.
  - Passage by the State of Maryland of legislation that prevents discrimination based on source of income, which would make refusal to rent to a voucher household a violation of fair housing laws.
  - Development of more affordable housing with access to transit in opportunity areas.

Barriers to Development of Assisted/Insured Family Housing

The study reviewed housing construction activity levels and examined factors likely to affect new affordable housing development, including state funding criteria, planning and growth management policies, and regulatory barriers at the state and county levels. Key findings were:

- The State of Maryland has strong growth management policies designed to conserve productive farmland and forests, protect environmentally sensitive land, and limit suburban sprawl. These policies result in constraints on expansion of public water and sewer services in many high opportunity areas.

- In response to a fair housing complaint filed in 2011 by the Baltimore Regional Housing Campaign, the State of Maryland recently made changes to its Qualified Allocation Plan (QAP) governing LIHTC allocation to direct a higher share of total LIHTC awards to the Baltimore region and encourage more development of family housing in communities of opportunity. Such proposals now have a chance to earn a higher number of points in the competitive rankings used to award LIHTCs. Also, earlier requirements that local governments state their support for LIHTC proposals and provide financial or in-kind contributions have been eliminated. However, the most recent QAP does not have a special set-aside for proposals that would build family housing in high opportunity Baltimore suburbs.

- All jurisdictions have zoning categories that permit single-family attached and/or multifamily development, but permitted densities vary widely. Townhouse densities of six to eight units per acre are not sufficient to allow development of three-story walk-up apartments.

- In jurisdictions where zoning ordinances allow development at densities appropriate for apartment construction (10 to 15 units per acre or more), little acreage is zoned at these densities, and much of the land is already developed. As a result, higher density multifamily construction is often limited to redevelopment areas or parcels zoned for commercial or industrial use.

- Planned unit development (PUD) provisions and mixed-use zones are two ways to provide greater flexibility in residential density, but according to interviewees they are not widely used in every county.

- Affordable family housing developers are using land with commercial zoning if nearby business activities are compatible with housing for families. Redevelopment of marginally occupied or underused commercial sites should be encouraged, as these sites are often near jobs and transit.

- Inclusionary zoning provisions can be helpful in increasing the supply of affordable housing. However, only two study area jurisdictions have inclusionary provisions: Howard County and Annapolis. Rentals produced under Howard County's program mainly serve moderate-income households, but more incentives are being provided to reach lower income renters. The Annapolis program has not produced many new affordable rentals and needs to be reexamined.

- The development approval process can be time consuming, unpredictable, and expensive. Based on a review of literature and local plans and ordinances, multiple factors impede the development of affordable housing. Zoning as well as the need for variances and planned unit development approvals, environmental issues, and community opposition are a few of the most common impediments that add uncertainty and delays. These issues impact affordable housing developments more than market-rate multifamily projects.

- The construction permitting process is similarly complex and often viewed as an impediment. However, high fees and complexities/delays in the construction permitting processes do not in and of themselves appear to serve as a barrier to the construction of new affordable housing. Based on a comparison of building permit fees and complexity of the building permit and inspection processes, the City of Baltimore stands out as the most regulated and costly of all the jurisdictions studied. Carroll County is the least costly and has the simplest permitting process. In contrast, Baltimore City claims the highest number of affordable multifamily housing developments, whereas Carroll County provides the fewest.

- County and municipal programs designed to encourage production of rental housing are limited in scale, and funding levels are uncertain. Many programs are targeted to assist first-time homebuyers or provide emergency assistance for families at risk of homelessness.

- Source of income legislation protects voucher holders from discrimination in the rental market. However, only Howard County and Annapolis consider discrimination against voucher holders to be a violation of fair housing regulations. It is up to the voucher holder to file a complaint with the appropriate office that handles fair housing violations. Howard County's Office of Human Rights has been able to resolve complaints in a timely manner, which is important given the limited time frame during which a voucher holder needs to find an acceptable unit.

SECTION II.
INTRODUCTION

Applied Real Estate Analysis (AREA), Inc., together with its subcontractors the Urban Institute (Urban) and consultants Stefanie DeLuca and Eli Knaap, was retained by the U.S. Department of Housing and Urban development (HUD) to conduct the research project "The Interface of Mobility and Sustainability: *Thompson v. HUD*." This document is the final report of findings relating to the study.

The focus of this research is an examination of the movement patterns of housing voucher recipients who were given special counseling and flexible vouchers as a result of the *Thompson v. HUD* court settlement and an analysis of the characteristics of neighborhoods to which they moved. The study also examines key research objectives defined by the court settlement to assess a wide variety of factors that potentially affect voucher recipients' ability to move to "opportunity neighborhoods."

In 2015, a group of Harvard University social scientists led by Raj Chetty published a report based on a long-term analysis of the effects of moving families away from neighborhoods with severe concentrations of poverty to areas with low poverty levels. The study found that young children (under age 13) whose families were randomly provided vouchers to move from high-poverty areas to lower-poverty neighborhoods earned substantially more income in adulthood, were more likely to attend college, attended high-quality colleges on average, and were less likely to become single parents than individuals whose families did not leave high-poverty areas (Chetty and Hendren, 2015).

The findings from Chetty's research provide valuable insights into the effects of mobility on the lives of low-income households; unlike several previous studies that lacked long-term data, this study demonstrates the positive impacts of moves to opportunity neighborhoods. The research also highlights the need for additional analysis of voucher recipients' movements as a result of federally funded programs, such as the effort resulting from the *Thompson v. HUD* case, and shows the need to examine local conditions that facilitate or serve as barriers to low-income households' movement to opportunity areas.

Increasingly, Internet search engines are becoming available that enable home seekers to identify neighborhoods in which they would like to live based on a variety of criteria, from population characteristics to preferred restaurants and entertainment venues, park access, safety levels, and available health facilities—to mention only a few of the criteria listed by neighborhood and housing search sites, such as "PlaceILive" and "PicketFencer." These services offer home seekers increasing opportunities to find neighborhoods with people like themselves or the types of people that they aspire to be. In contrast, many Housing Choice Voucher (HCV) recipients are referred primarily to apartment listing services, such as “GoSection8” and “SocialServe,” that offer low-income tenants access to affordable rental listings by landlords who actively seek HCV recipients and express willingness to accept vouchers. However, research has shown that many of these listings are in high poverty neighborhoods (Gayles, Mathema, and Kotz, 2015). These specialized listing services for affordable housing do not offer information about neighborhood characteristics.

In a marketplace where Internet-savvy tenants have ever-greater access to information about neighborhoods and the homes they seek, what are the barriers facing low-income households as they search for housing? Where are rental units available of the right size for families with children? What units are affordable in neighborhoods that are near transportation, jobs, good schools, and health care facilities? This report examines the research questions posed by the *Thompson v. HUD* Final Settlement Agreement and the housing market conditions that determine the answers to these questions.

Background

In 1995, six African-American families residing in public housing in Baltimore, Maryland, sued HUD, the Housing Authority of Baltimore City (HABC), and the City of Baltimore for allegedly establishing and perpetuating a system of segregated public housing—*Thompson v. HUD, et al.* (“Thompson”). The landmark lawsuit on behalf of a class of African-American public housing residents occurred as the government planned to demolish housing projects in the city and replace them with new units in neighborhoods with similar levels of segregation.[2] The American Civil Liberties Union (ACLU) of Maryland, which represented the families, alleged on behalf of the plaintiffs that HABC, the City, and HUD had engaged in racial and economic segregation through site selection and development of public housing in the City of Baltimore since 1937, and that project siting decisions were determined largely by community opposition to public housing in White neighborhoods.

By June 1996, part of the Thompson case was resolved in a “Partial Consent Decree” (PCD), which allowed the demolition and redevelopment of several public housing developments to proceed, provided Housing Choice Vouchers (HCVs) to HABC to be regionally administered by a mobility-counseling contractor, and originated the Baltimore Housing Mobility Program. As the Partial Consent Decree was being implemented, additional claims were developed, resulting in a trial in 2003 and rulings in 2005 and 2012.

As a result of the 1996 PCD, HABC received 1,988 vouchers to be administered regionally by a mobility-counseling contractor to enable households to find housing largely outside the City of Baltimore in other parts of the region. In addition to special tenant-based vouchers, the PCD required the demolition, replacement, and

[2] The plaintiffs or class in the lawsuit includes all African Americans who have resided or will reside in Baltimore City family public housing units at any time from January 31, 1995 until January 1, 2027.

rehabilitation of several public housing developments and the creation of new affordable units.[3]

According to a review by the HUD Inspector General for Audit published in 2001, the initial contractor involved in counseling households was Baltimore Neighborhoods, Inc., whose contract was terminated for failure to adequately administer the program. Metropolitan Baltimore Quadel was later selected to administer the voucher program and provide mobility counseling for families receiving tenant-based vouchers, and Innovative Housing Institute handled mobility counseling for the smaller project-based voucher and homeownership programs. In 2007, all facets of the program were consolidated under Metropolitan Baltimore Quadel, with oversight by HABC, HUD, and the Maryland ACLU. In 2015, administration of the program was transferred to the Baltimore Regional Housing Partnership.[4]

In September 2012, the Court preliminarily approved a final Settlement Agreement, which funded vouchers for up to 2,600 households, in addition to the 1,788 households that had already been assisted by the Partial Consent Decree when the Settlement Agreement was executed. The total number of vouchers approved by both decisions was 4,388. As shown in the following table, a portion of the new vouchers was to be made available in each year from 2012 through 2018.

[3] The consent decree required the demolition and replacement of all Baltimore's family high-rise public housing projects and of Fairfield Homes, a vacant low-rise development, as well as additional new or rehabilitated units in the city of Baltimore, and new or rehabilitated units for project-based rental and homeownership. In total, 911 units in non-impacted areas were to be created.

[4] The Settlement Agreement approved by the Thompson Settlement on November 20, 2012 authorized the Baltimore Regional Housing Partnership, Inc., to be the Regional Administrator for the Thompson program. As the Regional Administrator, BRHP receives 100 percent of the funds and administrative fees provided by HUD for the Thompson vouchers. BRHP continued to contract with Metropolitan Baltimore Quadel to provide counseling to Thompson voucher holders through 2014 before assuming direct administration in January 2015. The program is currently named the Baltimore Housing Mobility Program. See www.brhp.org for an overview of the Baltimore Regional Housing Partnership and the Baltimore Housing Mobility Program.

Exhibit II-1.
Settlement Agreement Allocation of Additional Thompson Vouchers

Calendar Year	Number of Vouchers
2012	354
2013	375
2014	375
2015	374
2016	374
2017	374
2018	374
Total	2,600*

*Total includes approximately 200 of the 1,988 vouchers provided under the Partial Consent Decree.

The current study will focus on approximately 2,200 vouchers in circulation as of 2013; this primarily includes vouchers issued through the Partial Consent Decree, although some Thompson Settlement vouchers issued during 2012 may be included in analyses.

THOMPSON MOBILITY PROGRAM OVERVIEW

The resources resulting from the Consent Decree are intended to help current and former public housing families and families on waiting lists for public housing or HCVs to find and remain in private, market-rate housing in low-poverty and predominately White neighborhoods. Participation in the program is voluntary, and participants must apply through the Baltimore Regional Housing Partnership, pass background checks, and meet other eligibility requirements to enroll in the program.

BRHP provides participating households with intensive pre-move counseling to prepare them to be successful as applicants and tenants in competitive local housing markets, two or more years of post-move counseling to help them adjust to their new homes and communities, and second-move counseling to ensure households remain in opportunity areas (see Engdahl, 2009). The households also receive assistance with identification of employment and transportation resources. The Final Settlement Agreement authorized automatic approval by HUD of exception payment standards for rents of units leased with Thompson vouchers that are up to 135 percent of Fair Market Rents.

This authorization of higher-than-normal payment standards facilitated tenants' ability to locate affordable units.[5]

Thompson program households are required to select a rental unit located in a "non-impacted" or "opportunity" area, and to remain in a unit that is located in an opportunity area for at least two years. Non-impacted areas were defined in the consent decree as those having less than 30 percent African-American population, less than 5 percent assisted housing stock, and poverty rates below 10 percent. As discussed below, these are minimum criteria, and the Thompson Mobility Program and this study rely on a more comprehensive measure of neighborhood quality that captures access to economic and educational opportunities.

At present, applicants must meet basic program eligibility criteria, which include:

- Current residents of an HABC family public housing development
- Former residents of HABC family public housing (after January 31, 1995)
- HABC residents displaced or relocated from a demolished public housing development
- HABC family public housing or tenant-based voucher waitlist applicants for current residents of Baltimore City neighborhoods with African-American populations higher than 75 percent[6]

RESEARCH OBJECTIVES

In addition to adding vouchers to the Mobility Program, the Final Settlement Agreement for *Thompson v. HUD* in 2012 identified six key research objectives, which are the focus of this study. The following exhibit lists the six objectives and the sections of this report in which they are discussed.

[5] In the HCV program, the subsidy amount is determined by the payment standard, which in turn is based on a percentage of Fair Market Rents. The Public Housing Reform Act of 1998 granted discretion to housing authorities in setting the payment standard between 90 and 110 percent of FMRs. The Final Settlement Agreement enabled the Thompson program administrator to set payment standards up to 135 percent of FMRs. Also, the administrator could set exception payment standards above 135 percent, which would be deemed approved unless HUD objected to the standards within 75 days of submission of the rents as part of the Housing Authority of Baltimore City's Moving to Work Plan.

[6] Criteria available from www.brhp.org/apply#Eligible and confirmed with Baltimore Regional Housing Partnership staff. The last criterion regarding current residents of Baltimore neighborhoods with high percentages of African-American populations was adopted in 2012 after the Final Settlement Agreement.

Exhibit II-2.
Interface of Mobility and Sustainability: *Thompson v. HUD* Objectives

	Final Report
Research Objective 1. An analysis of the racial/ethnic patterns in the location of units in the Baltimore region leased using tenant-based vouchers and project-based forms of housing assistance, and identification of concentrations of tenants using these vouchers and forms of assistance, broken down by income, race, ethnicity, household type and composition, and other relevant factors. This includes an analysis of the locational patterns of opportunity (for example, educational opportunity, health care facilities and providers, and other quality of life–related infrastructure throughout the Baltimore region), and analysis of the locations of Thompson households in relation to neighborhood opportunity measures.	Sections III, IV, V
Research Objective 2. An inventory of federally assisted or insured non-elderly family housing units in the Baltimore region, including LIHTC units, with the goal of assessing the risk of loss of assisted units in communities of opportunity.	Section VI
Research Objective 3. An analysis of applications for and occupancy of federally assisted or insured non-elderly family housing units in the Baltimore region by income, race, ethnicity, household type and composition, number of children, use of voucher and other rent subsidies, neighborhood demographics, performance of schools serving the units, and other relevant factors.	Section VII
Research Objective 4. An identification of impediments to Baltimore voucher holders accessing units outside of Baltimore City created by transportation barriers, unavailability of affordable rental stock, unwilling landlords, or other factors as well as possible solutions to address identified impediments.	Section VIII
Research Objective 5. An analysis of the locational patterns of educational opportunity, health care facilities and providers, and other quality-of-life–related infrastructure throughout the Baltimore region, and analysis of the accessibility of such opportunities and infrastructure to Plaintiff Class Members.	Sections III, IV, and V
Research Objective 6. Provide an assessment of barriers to the development of public housing or federally assisted or insured non-elderly housing (including LIHTC projects) in communities of opportunity within the Baltimore region, including an analysis of the fair housing impact of such regulations and the identification of more inclusive alternatives and "best practices."	Section IX

The six research objectives specified in the Final Settlement Agreement cover a wide variety of topics, especially barriers to mobility and affordable housing development, which are frequently addressed in detailed analyses of fair housing–related issues. In fact, these issues were examined for most counties in the Baltimore region as part of a five-volume report entitled "Analysis of Impediments to Fair Housing Choice" (AI), which was completed in 2012 (Mullin and Lonergan, 2012). This current report updates many of the variables examined in the 2012 AI and presents key issues related to research objectives four and six.

SELECTED DATA SOURCES FOR RESEARCH OBJECTIVES 3, 4, AND 6

Data collected and analyzed for this report were collected over a four-year period. To ensure consistency of data collection and analysis, most tables include data for 2010 and 2013 from the Census Bureau's American Community Survey (ACS) and other sources. An exception is information used in Section VII of the report, which compares current 2015 and 2016 data on residents of selected assisted or insured housing developments with characteristics of applicants for this housing, as well as ACS five-year information on residents in the U.S. Census tracts surrounding the developments. Section VII also uses "A Picture of Subsidized Households" data for 2015 and U.S. Department of Agriculture Rural Housing Service "Section 515 Housing Program Database" information for 2016.

Key data and methods for the opportunity area analysis are discussed in Section III.

THE THOMPSON STUDY AREA OVERVIEW

The Thompson study area, which was determined through the Partial Consent Decree, consists of the City of Baltimore, the City of Annapolis, and five Maryland counties: Anne Arundel County, Baltimore County, Carroll County, Harford County, and Howard County.

These seven jurisdictions in the study area comprise 656 census tracts and a total population of over 2.7 million in 2010 to 2013, based on American Community Survey data that were available for small areas at the time of this research (see Exhibit II-3).

Each county has distinct population and housing market characteristics that may be relevant to the availability of rental housing that is affordable and accessible to Thompson or other voucher holders, or low-income renters generally, including share of housing stock that is renter occupied, percentage non-White population, and average neighborhood poverty rate.

Exhibit II-3 provides an overview of the characteristics of the study area, by county and the cities of Baltimore and Annapolis. Whereas the population of the City of Baltimore is predominantly African American (63.2 percent), the City of Annapolis is only 22.7 percent African American, and the adjacent counties are predominantly White (ranging from 61.5 percent White in Howard County to 92.8 percent in Carroll County). The cities of Baltimore and Annapolis are also the only areas that are nearly 50 percent renter occupied (49.6 percent and 49.8 percent, respectively). In the remaining counties, renter-occupied housing ranges from a low of 14.2 percent (in Carroll County) to 30.7 percent (in Baltimore County).

The poverty rate for the City of Baltimore is the highest in the study area (23.8 percent), whereas the poverty rate is 11.2 percent in Annapolis and the poverty rates in each of the five suburban counties are below 10 percent. More detailed information on the demographic, socioeconomic, and housing stock characteristics of the Baltimore region is presented in Section VIII.

Exhibit II-3.
Overview of Study Area Characteristics, 2013

	Region Total	Anne Arundel County	Annapolis City	Anne Arundel County–remainder	Baltimore City	Baltimore County	Carroll County	Harford County	Howard County	United States
Total Population	2,685,878	544,426	38,443	505,983	621,445	812,261	167,261	246,664	293,821	311,536,594
Median Household Income	$69,367	$87,430	$72,462	N/A	$41,385	$66,486	$84,790	$80,622	$109,865	$53,046
Percent Renter Occupied	30.6%	24.5%	49.8%	22.5%	49.6%	30.7%	14.2%	17.8%	22.5%	35.1%
Poverty Rate	10.9%	6.3%	11.2%	5.9%	23.8%	8.9%	5.6%	7.4%	4.6%	15.4%
Percent White	61.7%	75.1%	64.8%	75.8%	30.3%	64.5%	92.8%	81.1%	61.5%	74.0%
Percent African American	29.1%	15.5%	22.7%	14.9%	63.2%	26.4%	3.3%	12.8%	18.0%	12.6%
Percent Asian	4.9%	3.6%	2.0%	3.8%	2.4%	5.3%	1.5%	2.4%	15.1%	5.1%
Percent American Indian/Alaska Native	0.2%	0.2%	0.0%	0.2%	0.4%	0.2%	0.2%	0.2%	0.2%	0.8%
Percent Other	4.2%	5.6%	10.4%	5.5%	3.7%	3.7%	2.2%	3.4%	5.2%	7.5%
Percent Hispanic (Any Race)	4.8%	6.4%	18.0%	5.5%	4.3%	4.4%	2.7%	3.7%	6.0%	16.6%
Percent Non-Hispanic (Any Race)	95.2%	93.6%	82.0%	94.5%	95.7%	95.6%	97.3%	96.3%	94.0%	83.4%

Source: U.S. Census Bureau, American Community Survey, 2009–2013, 2000, and 2010 Census Summary Files.

SECTION III.
KEY DATA AND METHODS FOR OPPORTUNITY AREA ANALYSIS

OPPORTUNITY MAPPING APPROACH

The objective of the location analysis is to determine the extent to which households who use Thompson vouchers live in higher-quality, more opportunity-rich neighborhoods than similar households who use Housing Choice Vouchers or are living in assisted housing who are not part of the Thompson program. To make this assessment, it is first necessary to create a measure to identify "opportunity" neighborhoods and locate them within the study area to establish whether Thompson voucher holders reach these areas. We apply an "opportunity mapping" approach to quantifying neighborhood quality, building on previous work in Baltimore and elsewhere.

What Is Opportunity Mapping?

Broadly stated, opportunity mapping combines data from a variety of sources that reflect the array of neighborhood characteristics believed to be important to individual well-being, in order to construct a single indicator or score that captures overall neighborhood quality or opportunity structures. Neighborhoods are typically approximated as census tracts, but measures may include data that are only available at larger geographies or administrative designations (zip code, school district, or county, for example).

As the evidence regarding the importance of neighborhoods has expanded in recent years, so too have efforts to measure neighborhood quality (Ellen and Turner, 1997; Wilson, 1987; Chetty, 2015; Ludwig et al., 2012; Galster, 2010). For example, living in a low-poverty neighborhood has been found to positively impact physical and mental health (Ludwig et al., 2012), perhaps in part through a reduction in violent crime exposure (Galster, 2010). More recently, Chetty and his colleagues (2015) found that each year that a low-income child spends in a high-poverty neighborhood can impact his or her economic outcomes later in life—with more dire consequences for boys compared to girls. The implications of this are especially relevant to communities of color, which are disproportionately exposed to high-poverty neighborhoods compared to Whites (Wilson, 1987; Massey and Denton, 1993; Jargowsky, 1996, 2003; Kingsley and Petit, 2003).

Two types of measures have typically been used to capture overall neighborhood quality or opportunity structures, and they have dominated the literature on location outcomes for Housing Choice Voucher holders. This first is individual population-based neighborhood characteristics, typically drawn from census data. The second is more complex measures that combine census data with other local data sources (Galvez, 2010). "Opportunity measures" fall into this second group and are essentially attempts to capture the combined influence of a larger and more complex array of neighborhood characteristics.

Single measures of neighborhood quality, notably poverty rates, are commonly used because they are readily available for many levels of geography and are intuitively appealing. However, single measures have their limitations. Poverty rates, particularly when extremely low or high, are assumed to be a proxy for a variety of neighborhood characteristics—and for that reason threshold measures are commonly used. With some exceptions, researchers assume that poverty rates above 40 percent reflect extreme poverty and distressed communities (Cunningham et al., 2000; Jargowsky, 1996), and rates below 10 percent are considered to reflect higher-quality neighborhoods. For example, the experimental group in the Moving to Opportunity evaluation was required to move to low-poverty neighborhoods with rates of 10 percent or less—which approximated the national poverty rate when the experiment was designed (Khadduri, 2001).

However, little is known about neighborhoods that fall between these two main threshold levels, often dubbed "moderate poverty" neighborhoods by researchers (Devine et al., 2003; Pendall, 2000; Khadduri, 2001). Also, it remains unclear whether poverty rates truly reflect other neighborhood characteristics that may be important to different groups of people.

With this in mind, researchers interested in neighborhood quality and mobility for Housing Choice Voucher holders have increasingly turned to more complex multidimensional measures. Early efforts include indices of neighborhood distress that combined census poverty rates, public assistance receipt, the percentage of female-headed households, male employment, and educational attainment (Pendall, 2000; Kasarda, 1993). Cunningham and Droesch (2005) constructed a measure that combined census and local administrative data to examine voucher holder locations in Chicago using public assistance receipt, crime rates, school achievement, and the number of students receiving free lunch.

Notably, the share of non-White residents is often omitted from opportunity measures. This is in part because racial concentration may be highly correlated with other common opportunity measures, such as poverty rates; however, it is also true that neighborhood residents' race is not considered to be in and of itself a direct reflection of overall neighborhood health or quality. Instead, opportunity maps are often used to demonstrate differences in exposure to neighborhood amenities or hazards by race or ethnicity.

Opportunity Mapping and the Thompson Settlement

As part of the original *Thompson v. HUD* lawsuit, the Kirwan Institute for the Study of Race and Ethnicity constructed a 22-measure opportunity mapping approach that used z-scores (data normalized about the mean) to rank neighborhoods based on three main opportunity pathways: educational opportunity, economic opportunity, and overall neighborhood quality (Reece et al., 2010). The Kirwan model includes national, state, and local data. When neighborhood quality outcomes based on an opportunity mapping approach were compared to a poverty rate–only measure for the City of Baltimore, the two approaches returned different assessments of neighborhood quality for over half (52 percent) of Baltimore neighborhoods—suggesting that poverty rates may not capture all the factors important to individual well-being (Powell, 2005).

As the field of opportunity mapping has continued to evolve, building on the work of the Kirwan Institute and others, so too have the opportunity measures used to guide the use of vouchers issued to Thompson households under the Baltimore Housing Mobility Program. The HUD consent decree identified basic characteristics for areas that Thompson households must avoid when using their vouchers. Census tracts eligible for voucher use had to have poverty rates less than 10 percent, an African-American population below 30 percent, and a rental housing stock with fewer than 5 percent public or assisted housing units. The Baltimore Regional Housing Partnership, which administers the Thompson program, later expanded on these criteria to actively identify and direct Thompson households toward opportunity-rich neighborhoods.[7]

Several opportunity-focused maps and indices identifying high-opportunity areas in the Baltimore region currently exist—including the approach prepared by the Kirwan Institute, and maps and opportunity indicators developed by the Baltimore Opportunity Collaborative in 2013. The Opportunity Collaborative, with funding from a HUD sustainable communities grant, was tasked with developing regional plans for sustainable development, housing, and workforce development (Liu et al., 2014).[8]

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[7] For a list of the BRHP's Baltimore Housing Mobility Program opportunity census tracts, see: http://www.brhp.org/penn_station/folders/development_information_page/BRHP_Opportunity_Areas.pdf. Specific information about how BRHP identifies opportunity tracts is not publicly available. Discussions with BRHP staff over the course of this evaluation about how they have identified opportunity areas suggest they rely on a variety of opportunity measures, combined with the minimum Thompson criteria and their own expertise with specific neighborhoods and housing markets within the Baltimore region.

[8] It is beyond the scope of this study to contrast different approaches to categorizing opportunity neighborhoods, but a comparison of the BRHP list of opportunity tracts to our own suggests that our approach identifies fewer tracts as opportunity areas.

Opportunity Measure for This Study

For the opportunity measure used in the current study, we built on the previous efforts described above but used more current data and what we feel is an improved methodology for the purposes of this study. Our intention was to create a measure that, although it may differ from the list of opportunity tracts used operationally by the Baltimore Housing Mobility Program, provides a comprehensive and nuanced assessment of the range of opportunities available to residents. We have adopted this index for the purpose of this study, but alternative metrics are available that also capture the racial and economic polarization of the Baltimore region.[9]

An additional consideration, as detailed in Section I of this report, are the final Settlement Agreement for *Thompson v. HUD*, which identified six key research objectives that are the focus of this study. Research Objective 5 specifically notes "an analysis of the locational patterns of educational opportunity, health care facilities and providers, and other quality-of-life–related infrastructure throughout the Baltimore region, and analysis of the accessibility of such opportunities and infrastructure to Plaintiff Class Members." Locational patterns for each of these factors, including educational institutions and health care facilities, are captured in the dimensions of opportunity described below.

We calculated opportunity scores for each of the 656 census tracts in the Baltimore metropolitan area based on four dimensions of opportunity. Exhibit III-1 identifies the measures and data sources included in each of the opportunity dimensions, which can be assessed separately or combined into a single composite measure.[10] In this report, we concentrate mainly on the composite measure to provide a single index for ranking tracts based on their relative levels of opportunity.

The four dimensions of opportunity are:

- **Institutional.** These measures are intended to represent important structural resources that are not directly under the control of neighborhood residents—of which schools and student performance are particularly important. Variables in the institutional category are designed to capture multiple dimensions of school quality and include the share of highly qualified teachers, share of students achieving a passing grade on state-administered exams, performance on Advanced Placement exams, SAT scores, and high school dropout rates. These data are collected from the Maryland State Department of Education, which provides annual statistics for each school in the state of Maryland.

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[9] See, for example, Chetty, Hendren and Katz (2016), whose approach is driven by analyses identifying neighborhood characteristics that are relevant to intergenerational mobility.

[10] A detailed assessment of the methodology used to develop the opportunity measure is included in Knaap (2017). Development of the opportunity measure methodology applied for this work was funded separately from this project.

- **Geographic.** These measures are meant to capture access to goods and services, and include job accessibility and access to health care facilities, public institutions, and social organizations. Job location data are collected from the U.S. Census Longitudinal Employment-Household Dynamics (LEHD) via the LEHD Origin-Destination Employment Statistics database. Health care facility data are collected from the 2013 Maryland Quarterly Census of Employment and Wages (QCEW). Four separate North American Industry Classification System codes are included in the opportunity measure to capture locations of health care facilities: Offices of Physicians (6211); Outpatient Care Centers (6214); Other Ambulatory Healthcare Services (6219); and General Medical and Surgical Hospitals (6221).

- **Environmental.** These measures include a crime victimization index (which captures the social environment), proximity to designated toxic release sites (which captures the ambient physical environment), and the share of housing units that are vacant (a measure of physical disorder). In lieu of actual crime statistics, which are unavailable for the region (except Baltimore City), we used a crime risk index developed by Applied Geographic Solutions from the FBI Uniform Crime Reports and data from local jurisdictions. Toxic release sites are collected from the Environmental Protection Agency's Toxic Release Inventory Program. Neighborhood housing vacancy rates are from the American Community Survey.

- **Social-Interactive.** These include common measures of concentrated affluence or disadvantage, including the homeowner occupancy rate, poverty rate, educational attainment for adults, unemployment rate, and welfare receipt. All variables are from the 2013 Census American Community Survey via the Neighborhood Change Database provided by GeoLytics Inc.

As discussed further in "The Cartography of Opportunity" (Knaap, 2017), transformations were applied to the individual variables to create geographically appropriate measures of access to opportunity dimensions. Confirmatory factor analysis was then used to combine the complete indicator series into a measurement model of the four latent variables that may be conceived as the essential dimensions of spatial opportunity: institutional, geographic, environmental, and social-interactive. Finally, the neighborhood-level domain indicator values were averaged together into a composite score. These composite opportunity scores were used to categorize the census tracts into quintiles (five groupings containing roughly equal numbers of tracts) according to their opportunity ranking, from "very low" to "very high."

Exhibit III-1.
Opportunity Dimension Indicators

Variable	Dataset	Opportunity Dimension
Income	Census 2013 ACS	Social-Interactive
Educational Attainment	Census 2013 ACS	Social-Interactive
Owner-Occupied Housing	Census 2013 ACS	Social-Interactive
Poverty Rates	Census 2013 ACS	Social-Interactive
Unemployment Rates	Census 2013 ACS	Social-Interactive
Welfare Receipt	Census 2013 ACS	Social-Interactive
Walk Score	WalkScore Inc.	Geographic
Access to Public Institutions	QCEW	Geographic
Access to Social Organizations	QCEW	Geographic
Access to Health Care Facilities	QCEW	Geographic
Jobs Accessible by Transit	LEHD	Geographic
Elementary School Test Scores	MD Dept. of Education	Institutional
Elementary School Highly Qualified Teachers	MD Dept. of Education	Institutional
Middle School Test Scores	MD Dept. of Education	Institutional
Middle School Highly Qualified Teachers	MD Dept. of Education	Institutional
High School Test Scores	MD Dept. of Education	Institutional
High School Highly Qualified Teachers	MD Dept. of Education	Institutional
SAT Scores	MD Dept. of Education	Institutional
High School Dropout Rates	MD Dept. of Education	Institutional
Advanced Placement Test Scores	MD Dept. of Education	Institutional
Exposure to Toxic Release Sites	EPA Toxic Release Inventory	Environmental
Crime Risk	Applied Geographic	Environmental
Housing Vacancy Rates	Census 2013 ACS	Social-Interactive

Source: Knaap, 2017.

A correlation analysis of the four dimensions of opportunity (included as Appendix A) shows that the indices tend to agree with each other (between 0.78 and 0.95 correlation), with the exception that geographic opportunity (access to jobs, goods, and services) is negatively correlated with the other three dimensions and the composite measure (–0.67 correlation with the composite measure, which is statistically significant at the 1 percent level). This suggests that a neighborhood with a low composite score would be expected to have low scores on institutional (e.g., low performing schools), social-interactive (lower income, less-educated neighbors), and environmental dimensions (high crime and toxicity), but may have higher scores on the geographic dimension (good access to jobs, transit, and service institutions).

This reflects the fact that in the Baltimore region, public transit, jobs, and institutions such as hospitals and other health care facilities and social service providers are not necessarily dispersed into suburban areas and remain clustered in central city areas that are otherwise relatively distressed. A relatively higher geographic dimension score may marginally improve an overall composite opportunity score for some neighborhoods, but it will not on its own be enough to overpower low opportunity scores for the remaining three dimensions. Neighborhoods that are identified as high or very high opportunity based on the presence of health care or other facilities will not emerge as high opportunity neighborhoods overall unless the other composite measures also reflect access to high-quality services or amenities.

Whereas some opportunity measures may weigh individual measures differently or be interactive, allowing different weights to be applied to measures based on assumptions about how measures may relate to subgroups, we do not apply weights to the current measure.[11] For the purposes of this study, we do not weight individual measures differently, and each measure contributes equally to the overall opportunity score.

Descriptive statistics of the distribution of Baltimore-area census tracts by opportunity score are provided in Section V.

DATA AND MEASURES

In addition to the data collected to construct opportunity maps and scores, we used an array of detailed, individual-level data for Housing Choice Voucher (HCV) holders in the study area provided by HUD. These data include an indicator allowing us to identify heads of Thompson households. We supplement these data with publicly available HUD and Census data.

[11] See, for example, the Baltimore Opportunity Collaborative effort: http://oppmap.dev.facetdecisions.com.

Data for Housing Choice Voucher Holders in the Baltimore Metropolitan Area

HUD provided detailed individual-level data for all HCV program participants living in the study area for each year from 2002 through 2013. This includes complete location data for HCV holders issued vouchers from a total of 20 different public housing authorities or other housing agencies. Nearly half of all voucher holders in the sample received Thompson Mobility Program vouchers issued by the Housing Authority of Baltimore City. Thompson participants make up 5 percent of all voucher holders in the 11-year sample, with Baltimore County representing the second-largest share of households. Exhibit III-2 shows the PHAs represented in the study sample.

Exhibit III-2.
Housing Choice Voucher Holders by Jurisdiction

Housing Authority	Number of households	Percent of households
Thompson Mobility Program	2,589	5.00%
Baltimore City Housing Authority	21,231	41.40%
Baltimore County, Maryland	12,062	23.50%
Anne Arundel County Housing Commission	5,581	10.90%
Harford County Housing Agency	2,648	5.20%
Howard County Housing Commission	2,398	4.70%
Annapolis Housing Authority	2,245	4.40%
Carroll County Housing and Community Development	1,543	3.00%
Westminster Housing Office	783	1.50%
Havre De Grace Housing Authority	169	0.30%
Arc of Northern Chesapeake Region	19	0.00%
Other Housing Agencies	16	0.00%
Hagerstown Housing Authority	16	0.00%
MD Dept. of Housing and Community Development	13	0.00%
Total	**51,313**	**100%**

Note: Names of 12 PHAs from Maryland (5), New York (2), Pennsylvania (2), and one each in California, Florida, and Virginia are suppressed and have fewer than three households represented in the data.

Source: Urban Institute analysis of HUD administrative data.

Thompson Voucher Holders

Each head of household in the HCV program is assigned an identification number (record_id), which serves as a unique household identifier. HUD provided a list of identification numbers as belonging to Thompson program household heads. These unique IDs were matched to the full dataset for Baltimore region households so as to identify Thompson households, their members, and their census tract locations.

DATA LIMITATIONS

Although we have attempted to use the best and most current data sources for this analysis, there are invariably limitations to the available data.

Opportunity Analyses

For the opportunity analysis, we rely on census tract–level data as a proxy for neighborhoods. Census tracts can vary in size, particularly between densely and sparsely populated areas, and may not correspond with residents' understanding of neighborhood boundaries.

As noted in the Opportunity Mapping section, in lieu of actual crime statistics, which are available for Baltimore City only, we use a county-level crime risk index developed by Applied Geographic Solutions from the FBI Uniform Crime Reports combined with data from local jurisdictions to model crime risk at the census tract level. Absent actual reported crimes for small areas, these data are the most accessible proxy for crime rates.

To quantify the toxic effect of environmental pollution, it is necessary to estimate exposure to such pollutants. Although the EPA data provide the point sources of pollution-emitting locations, myriad factors may influence particulate dispersal (such as wind speeds, weather patterns, and atmospheric pressure), and as a result it is very challenging to estimate precise exposure to pollutants in a small geographic area. Our estimate represents a reasonable approximation.

Finally, a limitation of the opportunity measure is that it was constructed with data primarily from the 2013 American Community Survey five-year estimates, which were collected from 2009 to 2013, as well as Maryland data sources primarily from 2013 to maintain consistency. It is not possible to re-create the model using data for earlier time periods. Specifically, equivalent data for automobile or transit accessibility, school catchment areas, and crime risk estimates are not available for earlier periods. As a result, it is possible that the scores for individual domains or the overall composite score are less accurate for early study time periods.

Thompson, HABC, and Other Regional Voucher-Assisted Households

The data provided by HUD for this evaluation represent a census of voucher holders in the region with key household and location characteristics. Because we identify Thompson Mobility Program households from the full sample using a list of unique identifiers provided to us by HUD, we have access to the same types of information for Thompson households that we have for non-Thompson voucher holders.

Nevertheless, there are some limitations. First, we do not have access to pre-HCV program addresses. Although there is a field in the HUD data for each household's pre-assistance neighborhood zip code, the information was missing for approximately 70 percent of the Thompson households. As a result, we know from program eligibility criteria that Thompson households likely originated from Baltimore but we do not know their original neighborhoods. Recent work by Deluca and Rosenblatt (2017), which had access to pre-assistance addresses for Thompson participants, supports this conclusion.

Second, there are some limitations to our ability to identify precisely when households may have entered the Thompson program versus entering the Housing Choice Voucher program generally. Specifically, a Thompson identifier indicates if a household was ever enrolled in the program as opposed to noting a Thompson program start date. Instead, we use the HCV housing assistance program admission date for Thompson households to identify the year of entry into the Thompson program. For some households, this may inaccurately assume participation during a year when the households were in fact using a standard HCV or, more likely, lived in a public housing unit. Discussions with HUD staff and Thompson program experts suggest that few households would have transitioned from the standard HCV program to Thompson. Further, only the earliest Thompson entries may be families who were issued a voucher and an admission date but remained in a public housing unit while searching for housing but had not yet moved using the voucher. This is consistent with location outcomes for early Thompson participants, and we discuss this more in the analysis sections, below.

Third, there are missing or inconsistent admission dates for some household records. Records for HABC or other regional PHA households with multiple admission dates were recoded to the first admission date reported; for Thompson households with multiple admission dates recorded, the admission year was recoded to the earliest admission date recorded after 2001. Any observations in years prior to admission were then dropped from the sample. The Thompson households were 24 percent more likely to report multiple admission dates than other Housing Choice Voucher households. As a result, admission dates were modified more frequently for Thompson group households (23 percent versus 10 percent for comparison households). The more frequent multiple admission dates could reflect the transition from another assisted housing program to voucher program participation, or data entry problems.

Finally, there are gaps in the address information recorded in the HUD data. In cases where data are missing for particular years within a household's tenure in the HCV program (e.g., a household that entered the program in 2002 and has data points in 2008 but is missing records for 2006 and 2007), we assume the household remained at the address recorded immediately prior to the missing years. As a result, it is possible that for some households, we underestimate or overestimate time spent in a high opportunity neighborhood.

Finally, due to confidentiality concerns, we cannot create detailed maps or tables identifying voucher holder locations—particularly for census tracts with fewer than 10 voucher holder families—as this could potentially allow identification of individual households. Instead, we provide summary-level information or less detailed "heat" maps that show concentrations of households without showing point locations of households.

Locations of Opportunity Neighborhoods in the Baltimore Region

Opportunity scores (discussed in Section III) for the 656 census tracts in the study area show that opportunity tracts are unevenly distributed across the five counties and City of Baltimore (see Exhibit V-1). Exhibit V-12 shows the distribution of opportunity neighborhoods.

Nearly all the census tracts with very low composite opportunity scores in the study area, and none of the very high opportunity areas, are found in Baltimore City (130 of 132 tracts). Of the 198 census tracts in Baltimore City, nearly all (185, or 94 percent) are considered low or very low opportunity areas, according to the composite opportunity score.

Among the five suburban counties, Baltimore, Howard, and Anne Arundel collectively contain the largest numbers of opportunity tracts: 78 percent of all high or very high opportunity tracts are found in these three counties.

Looking within individual counties, Howard County has the largest percentage of opportunity tracts. Nearly all of Howard County's 54 tracts (97 percent) offer high or very high opportunity—and nearly 69 percent are very high opportunity tracts. However, with the exception of Baltimore County (with 44 percent of the opportunity tracts), each of the four smaller suburban counties are over 50 percent opportunity areas, and the majority or remaining tracts offer moderate opportunity. Only 25 of the region's low opportunity areas are in Anne Arundel, Carrol, Harford, or Howard counties, and none of the region's very low opportunity areas are in these counties.

Exhibit III-3.
Distribution of Opportunity Census Tracts in the Study Area

	Very High		High		Moderate		Low		Very Low		Total	
	Number	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Anne Arundel	26	26	34	34	31	31	8	8	0	0	99	100
Baltimore	43	20	50	24	65	31	51	24	2	1	211	100
Carroll	6	16	18	47	12	32	2	5	0	0	38	100
Harford	19	34	12	21	10	18	15	29	0	0	56	100
Howard	37	69	15	28	2	4	0	0	0	0	54	100
Baltimore City	0	0	2	1	11	6	55	28	130	66	198	100
Total	**131**	**20**	**131**	**20**	**131**	**20**	**131**	**20**	**132**	**20**	**656**	**100**

Source: Urban Institute analysis of Knaap (2017) Baltimore metropolitan area opportunity scores.

SECTION IV.
CHARACTERISTICS OF THOMPSON AND COMPARISON HOUSEHOLDS

For location analyses, we segment the HCV sample into three mutually exclusive groups of voucher-assisted households: 1) Thompson Mobility Program participants (referred to henceforth as “Thompson households”), 2) non-Thompson households who received tenant-based vouchers from the Housing Authority of Baltimore City (referred to as “HABC households”), and 3) the remainder of voucher holders living in the Baltimore metropolitan study area who received tenant-based assistance from other housing authorities, listed in Exhibit III-2 (referred to as “regional HCV households”).

The characteristics of Thompson, HABC, and regional HCV households are presented in Exhibit IV-1 for 2013 (the most recent year in our dataset).[12] Maps 1 and 2 show concentrations of Thompson and other voucher holders in the study area in 2013. Thompson households differed from regional HCV households in just about every observable way. Thompson households are almost entirely African American (99 percent), compared to just 60 percent of other HCV holders in the study area. Thompson households also had slightly higher incomes, were slightly larger, and were headed by younger household heads.

Thompson households were much more similar to households receiving vouchers through the HABC, who were 93 percent African American, in terms of the race of the head of household. Nevertheless, Thompson households differed in a number of ways from their HABC counterparts. Thompson households were younger on average (average age of household head of 37 compared to 49 for HABC households), less likely to be disabled (27 percent of household heads reported a disability compared to 59 percent), and more likely to be single-parent households (67 percent compared to 34 percent).

Thompson households may be more like HABC households in other ways that are not observable in the data used in this report, however. Thompson vouchers and services are available to current and former residents of Baltimore City public housing, households waiting for assistance on HABC's HCV and family public housing waiting lists, and families in certain areas of Baltimore City. HABC households are more likely to resemble Thompson households in terms of these eligibility criteria, as well as having originated in similar neighborhoods as the Thompson group.

[12] Although only data for 2013 are shown in Exhibit IV-1, characteristics and differences across groups are consistent throughout the study period.

Exhibit IV-1.
Characteristics of Thompson and Comparison Group Households, 2013

	Thompson	Regional HCV	HABC
Total Households	2,245	11,717	10,998
Individuals	14.40%	47.1%***	44.2%***
Couples	3.30%	7.5%***	6.5%***
Two-Parent Households	12.30%	7.2%***	8.1%***
Single-Parent Households	66.80%	33.4%***	34.0%***
Average Number of Children	1.8	0.9***	0.9***
Percent of Households with Disabled Head of Household	27.30%	53.6%***	58.6%***
Mean Head of Household Age	36.8	52.9***	48.9***
Percent of Households with Head of Household			
Under Age 40	52.10%	17.8%***	19.1%***
Age 40 to 60	44.60%	50.1%***	60.5%***
Over 60	3.20%	32.1%***	20.3%***
Female	95.50%	81.3%***	78.9%***
Asian	0.00%	1.0%***	0.1%***
Black	99.30%	58.5%***	93.5%***
White	0.50%	40.1%***	6.1%***
Other	0.20%	0.60%	0.4%**
Hispanic	0.20%	2.1%***	0.9%***
Average Annual Income	$17,612	$16,145***	$13,815***

Notes: Stars represent significant difference from Thompson households; * p < 0.10, ** p < 0.05, *** p < 0.01.

Source: Urban Institute analysis of restricted-use HUD client data for Thompson and HCV households and Knaap (2017) Baltimore metropolitan area opportunity scores.

Regional HCV households who received tenant-based assistance from other PHAs and live in the study region's primarily suburban counties are selected as a comparison group because they are similar in income and other basic voucher program eligibility criteria to Thompson households, even though when they applied for assistance they likely originated in the lower-poverty, mainly suburban neighborhoods that the Thompson program seeks to reach. As discussed further below, these households may differ from Thompson's mainly African-American population in ways that impact location outcomes. Nevertheless, the regional HCV households represent a potential benchmark for the types of neighborhoods that should be accessible to Thompson households.[13]

Remaining variations in household characteristics among the Thompson and comparison groups are addressed through a refined sample, discussed in more detail in Section V, below.

[13] HABC households are technically able to use their vouchers to move (or "port") to other PHA jurisdictions outside of Baltimore City. These households may continue to be recorded in the HUD data as using HABC vouchers, or they may be recorded as having a voucher from the regional housing authority that administers the HCV program in the area where they moved. As a result, it may be the case that our comparison groups include some HABC households as regional HCV households.

SECTION V.
OPPORTUNITY ANALYSIS RESULTS

This chapter presents the results of location analyses for the Thompson, HABC, and regional HCV samples. The overarching research question for the location analyses is to what extent has Thompson assistance allowed African-American households from high-poverty, racially segregated Baltimore neighborhoods to reach and remain in high opportunity neighborhoods? Answering this question involves understanding where Thompson households live with their vouchers, how these locations have changed over time, and how the places where Thompson households live compare to locations of similar voucher holder households who did not receive Thompson assistance but had at least some access to the same regional neighborhoods.[14]

RECENT EVIDENCE ON THOMPSON PROGRAM LOCATION OUTCOMES

Research conducted by Stefanie DeLuca and Peter Rosenblatt (2017) and by Eli Knaap (2016) provides some recent evidence about Thompson location outcomes. Both studies rely on data for almost the same time periods that this study uses. Deluca and Knaap both served as consultants on this project.

DeLuca and Rosenblatt (2017) used Maryland Baltimore Quadel data on Thompson households between November 2002 and January 2012 to analyze changing neighborhood outcomes. They track three locations for each household: its address before signing up for the program, its first move with the Thompson voucher, and the address at which Thompson program administrators had last contact with it. Additionally, qualitative interviews were conducted with 88 Thompson families selected through a stratified random sample. This analysis found that Thompson households moved to higher opportunity neighborhoods (using individual neighborhood characteristics rather than a composite opportunity score) both with their initial move and ultimately their final move compared with HCV participants in the Baltimore region. Qualitative interviews highlighted "emotionally supportive counseling, housing search assistance, and landlord recruitment" as having the most impact on encouraging families to enter the program and move to a high opportunity neighborhood. The experiences of living in these neighborhoods, particularly the better schools and safer environments for children, were found to be what most influenced families to stay in these high opportunity neighborhoods beyond the initial program requirement.

[14] For this report, the term "low income" does not necessarily reflect HUD's definition based on area median income (AMI), although the majority of the study samples are likely to have incomes below 30 percent of AMI, which is equivalent to HUD's "extremely low income" definition.

Knaap (2017) used HUD administrative data containing Thompson identifiers for voucher holders in the Baltimore metropolitan region between 2002 and 2013 to compare Thompson voucher holders against other HCV participants. For each year of the period it spent in the program, a household is assigned an opportunity score based on its neighborhood of residence. Calculating the mean opportunity score for each program by year, Knaap found lower opportunity scores for Thompson households compared to HCV households through 2004, roughly similar mean scores from 2004 to 2007, then gradually higher comparative scores for Thompson households from 2007 to 2012. Using a multilevel locational attainment model of all vouchers in the Baltimore metropolitan region between 2004 and 2013, Knaap found that all voucher holders on average live in low opportunity neighborhoods and that African-American voucher holders have even lower neighborhood opportunity scores. Thompson households, conversely, tended to live in neighborhoods nearing the regional average of opportunity scores. Additionally, Knaap found that Thompson households tend to sustain better outcomes than other HCV households over time.

Our research builds upon this prior work by constructing more refined comparison groups, identifying HABC households separately from other assisted households in the region, and more closely tracking multiple moves made over the course of the program. This also allows us to identify the total time Thompson households and our comparison groups spent in high opportunity neighborhoods over the study period.

Location Outcomes for Thompson Households and Comparison Groups

In this section, we identify location outcomes for Thompson and comparison group members using several different measures. As an initial snapshot, we examined 2013 locations for all Thompson, HABC, and regional HCV households based first on the minimum criteria under the Thompson Partial Consent Decree and then based on our own opportunity measure (Section III). The minimum Thompson Partial Consent Decree criteria was that Thompson families should live in neighborhoods with no higher than 30 percent African-American populations, poverty rates no higher than 10 percent, and an assisted housing stock no larger than 5 percent.

We then look at neighborhood opportunity score outcomes over the full study period (2002 to 2013) using more refined comparison groups and based on year of entry into the HCV program.[15] Finally, we compare the total amount (years) and percentage of observed time Thompson households spent living in high opportunity neighborhoods with the two comparison groups and with White HCV households. In the findings presented in the following pages, high opportunity neighborhoods include areas of both high and very high opportunity.

Opportunity analysis results show:

- In 2013, only 12 percent of the households active in Thompson lived in a neighborhood that met all three Thompson Partial Consent Decree criteria.

- In 2013, Thompson households lived in neighborhoods with lower poverty rates, smaller African-American populations, and lower concentrations of voucher-assisted housing than the comparison group households did. The average neighborhood poverty rate for Thompson households was identical to that of the entire study region (13 percent).

- Thompson household locational outcomes were far superior to those of HABC households for every opportunity measure examined.

- Comparisons with regional HCV households suggested some clear advantages for Thompson households—particularly for more recent cohorts of participants.

    - Three-quarters of the households who joined the Thompson program after 2011 moved to high opportunity neighborhoods for their first moves, compared to only about 20 percent of voucher holders living in the study region outside of Baltimore and almost none of the HABC households.

- The shares of regional HCV households who reached high opportunity neighborhoods remained steady over admission-year cohorts and multiple moves, whereas the shares of Thompson households who reached high-opportunity neighborhoods tended to increase over cohort years, eventually surpassing their regional HCV counterparts.

- In examining multiple household moves, results show that smaller shares of Thompson households reached high opportunity neighborhoods after their first program move.

- The Thompson households spent more time—both in years and in the percentage of their observed tenure in voucher-assisted housing—in high

[15] The interim report provided for this evaluation included preliminary comparisons between Thompson households and locations of place-based assisted households, African Americans with similar incomes, and African-American renters in 2013, by using publicly available HUD and 2009–2013 ACS data. These comparisons are not included in this report, which focuses on the more detailed voucher data.

opportunity neighborhoods compared to HABC households (who almost never reach high opportunity neighborhoods) and regional HCV households.

- Thompson households also spent more time in high opportunity neighborhoods (both in years and the percentage of their tenure spent in high opportunity neighborhoods) than White HCV households issued vouchers from PHAs in the remainder of the study region.

2013 Outcomes Based on Minimum Consent Decree Criteria

The minimum criteria established in the Partial Consent Decree for census tracts where Thompson households were eligible to move was based on three measures. Eligible tracts must have poverty rates no higher than 10 percent, African Americans must comprise no more than 30 percent of the tract population, and assisted housing must make up no more than 5 percent of the tract's rental housing. Of the census tracts in the study region, 312 (47 percent) meet all three consent decree criteria.

Exhibit V-1 shows locational outcomes for all Thompson and comparison group households based on tracts meeting the minimum consent decree criteria. In 2013, only 12 percent of Thompson households lived in census tracts that met all three requirements, whereas 14 percent of regional HCV households lived in tracts that met all three Thompson eligibility criteria. A substantially smaller 1 percent of HABC voucher holders were in such tracts. In addition, when compared to either HABC or regional HCV households, larger shares of Thompson households lived in tracts that met any one of the three consent decree criteria.

Exhibit V-2 shows the average neighborhood characteristics for Thompson households and the two comparison groups. The average neighborhood poverty rate experienced by a Thompson household in 2013 was similar to those experienced by the regional HCV comparison group households but 15 percentage points less than the average for HABC households (12 percent for Thompson, 12 percent for all regional HCV households, and 27 percent for HABC voucher holders). Thompson households also lived in tracts with lower African-American populations and lower concentrations of assisted units than HABC households.

Exhibit V-1.
Minimum Thompson Consent Decree Neighborhood Criteria in 2013

	Thompson		Regional HCV		HABC HCV		All Regional Census Tracts	
	Number	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Less than 10% Poverty Rate	1,138	51%	5,744	49%	398	4%	380	57%
Less than 30% African American	1,230	55%	6,634	57%	688	6%	423	64%
Less than 5% Assisted Units	1,526	68%	7,193	61%	2,544	23%	477	72%
Meets All Three Criteria	260	12%	1,607	14%	472	4%	312	47%
Number of Households	**2,245**	**100%**	**11,717**	**100%**	**10,998**	**100%**	**669**	**100%**

Source: Urban Institute analysis of 2010–2014 ACS data of restricted-use HUD client data for Thompson and HCV households.
Notes: Stars represent significant difference between Thompson households and all other households: * p < 0.10, ** p < 0.05, *** p < 0.01.

Exhibit V-2.
Average Tract Characteristics for Thompson and Other Assisted Households in 2013

	Thompson	Regional HCV	HABC	All Study Area Tracts
Average Poverty Rate	12%***	12%	27%	17%
Average Percentage African-American	38%***	33%	77%	51%
Average Assisted Units	4%***	5%	9%	6%
Number of Households	**2,245**	**11,717**	**10,998**	**24,960**

Source: Urban Institute analysis of 2010–2014 ACS data of restricted-use HUD client data for Thompson and HCV households.
Notes: Stars represent significant difference between Thompson households and all other households: * p < 0.10, ** p < 0.05, *** p < 0.01.

2013 Thompson Opportunity Score Outcomes

Exhibit V-3 provides the neighborhood opportunity outcomes (as described in Section III) for Thompson and comparison group households who received assistance in the most recent year available in the administrative data. Overall, a larger share of Thompson households lived in higher opportunity areas and a smaller share lived in low opportunity areas compared to HABC and regional HCV households. Nearly half (46 percent) of Thompson households lived in high or very high opportunity neighborhoods in 2013, about 18 percent lived in moderate opportunity areas, and 36 percent lived in low opportunity areas.

Compared to the Thompson households, very few HABC households (less than 1 percent) lived in moderate, high, or very high opportunity tracts in 2013. In fact, over 80 percent of all HABC households lived in very low opportunity tracts. Locations were more favorable for regional HCV households, but their locations were still more inclined toward low and moderate opportunity areas. Despite the fact that regional HCV households already live in suburban locations outside the city of Baltimore, about 22 percent of regional HCV households lived in high or very high opportunity areas, 32 percent lived in moderate opportunity areas, and 39 percent lived in low opportunity areas.

Exhibit V-3.
Average Census Tract Characteristics for Thompson and Other Assisted Households, 2013

Tract Opportunity Score	Thompson		Regional HCV		HABC	
Very High	396	17.60%	215	1.80%	1	0%
High	623	27.80%	2,327	19.90%	44	0.04%
Moderate	416	18.50%	3,757	32.10%	40	0.04%
Low	447	19.90%	4,329	37.00%	1,935	17.60%
Very Low	363	16.20%	215	1.83%	8,978	81.60%
Number of Households	**2,245**	**100.00%**	**11,717**	**100.00%**	**10,998**	**100.00%**

Source: Urban Institute analysis of restricted-use HUD client data for Thompson and HCV households.

Notably, whereas a larger share of the Thompson households reached high and very high opportunity areas compared to the regional HCV households, a larger share lived in the lowest opportunity areas in the same year. About 16 percent of Thompson households lived in very low opportunity areas compared to just 2 percent of the regional HCV households.

The preceding two analyses found that, by 2013, 27 percent of Thompson households lived in locations that fulfilled the Partial Consent Decree minimum expectations, whereas nearly half lived in high or very high opportunity areas according to the measure used in this report. By both standards, Thompson households were more likely to end up in neighborhoods that provided better conditions or opportunity than households in either of the two comparison groups. In the next section, we take this analysis further by refining the comparison groups and examining the move history of voucher households in more detail.

EXAMINING THOMPSON AND COMPARISON GROUP MOVES OVER TIME

Looking at outcomes in a single year may obscure important variations in location outcomes for different cohorts of the population. For example, Thompson households are expected to move to low-poverty, high opportunity neighborhoods for their first move and then to remain in high opportunity areas for two years before they are then able to move to neighborhoods of their choosing. As a result, it may be that households gradually return to low-opportunity neighborhoods over time and multiple moves—and pooling all Thompson household data without regard to how long they have been on the program may miss these trends.

In addition, administration of the Thompson program, households admitted to the program, and the local housing market may have changed over time in ways that affected locational options and choices. Furthermore, Thompson households differed from the comparison group households in ways that may affect housing options and preferences for places to live. For example, among the HABC and regional voucher household populations, over half of household heads have a disability, a proportion that is twice that of Thompson households (Exhibit V-4).

Exhibit V-4.
Demographics of the Refined Study Sample, 2013

	Thompson	Regional HCV	HABC HCV
Number of Households	1,600	3,027	3,471
Individuals	0.00%	0.00%	0.00%
Couples	0.00%	0.00%	0.00%
Two-Parent Households	14.60%	13.60%	16.00%
Single-Parent Households	85.40%	86.40%	84.00%
Average Number of Children	2.33	2.22*	2.25
Percent of Households with a Disabled Member	16.60%	13.90%	16.80%
Head of Household			
Age			
Mean	34.1	37.2***	37.3***
Under 40	61.20%	42.4%***	40.7%***
40 to 60	38.60%	56.4%***	58.2%***
Over 60	0.30%	1.2%***	1.1%***
Female	98.50%	97.5%**	97.3%*
Race			
Asian	0.00%	0.00%	0.00%
Black	100.00%	100.00%	100.00%
White	0.10%	0.10%	0.00%
Other	0.00%	0.10%	0.10%
Hispanic	0.20%	0.60%	0.4%*
Average Annual Income	$17,983	$20,325***	$15,944***

Note: Stars represent significant difference from Thompson households: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Source: Urban Institute analysis of restricted-use HUD client data for refined study sample Thompson and HCV households.

With this in mind, we did further comparisons by the entry year into the HCV program and narrowed our comparison group populations for the remaining analyses to include only households that are African American, headed by a person who did not report a disability at any point in the study period, and had at least one child included in the household during the study period.[16] Demographic characteristics for the final refined Thompson and non-Thompson samples in 2013 are included in Exhibit V-4.

The final sample is more similar across the three groups, with the exception of average head of household age and number of children. On average, Thompson households are about three years younger than non-Thompson households and have slightly fewer children. Although statistically significant, the magnitude of the differences is small. Comparisons across the three groups were consistent across program years (not shown).

With this more refined comparison group, we then examined composite opportunity score outcomes from two different perspectives relevant to the overall success of Thompson as a mobility tool:

- The number and sequence of moves made by Thompson, HABC, and regional HCV households, to understand move trajectories over time for each of the three groups.

- The total amount of time (in years) spent in a high opportunity neighborhood by each group, as well as the percentage of households' tenures in assisted housing that are spent in high opportunity neighborhoods.

We identified and compared outcomes for each voucher-assisted move based on households' year of admission into one of the three HCV programs to capture possible variations over time in housing market characteristics, program characteristics, or data quality that might vary by program year. Comparing households of the same entry year cohort also allows us to avoid comparing households that have had very different tenures in assisted housing, which impacts their ability to reach high opportunity neighborhoods through multiple moves.

[16] This also results in removing a number of Thompson households who failed to meet these criteria. For example, 1 percent of Thompson household heads were White, a small percentage was headed by a disabled person, and a small percentage did not contain children. In total, approximately 20 percent of Thompson observations were removed from the final sample to remain consistent with comparison group parameters. Shares of households from each group who met the criteria can be found in Exhibit IV-1.

Exhibit V-5 shows average length of time in voucher-assisted household and average number of voucher moves for each group. As noted in the data limitations section, actual lengths of time in assisted housing and number of moves are estimates for some households. Nevertheless, it appears that each group has spent similar amounts of time in voucher-assisted housing, with HABC spending slightly more time on average in voucher housing than the other two study groups, and regional HCV households making slightly fewer moves over their tenure on the program. Differences are statistically significant, but small (for example, the typical regional HCV household in our sample was in the program for roughly 56 months, compared to roughly 67 months for HABC households).

Exhibit V-5.
Program Participation for Thompson and Comparison Groups

	Thompson	Regional HCV	HABC
Average Total Years of Participation	4.9	5.1*	5.6*
Average Number of Moves	2	1.3*	1.9*
Number of Households	**1,810**	**4,589**	**5,265**

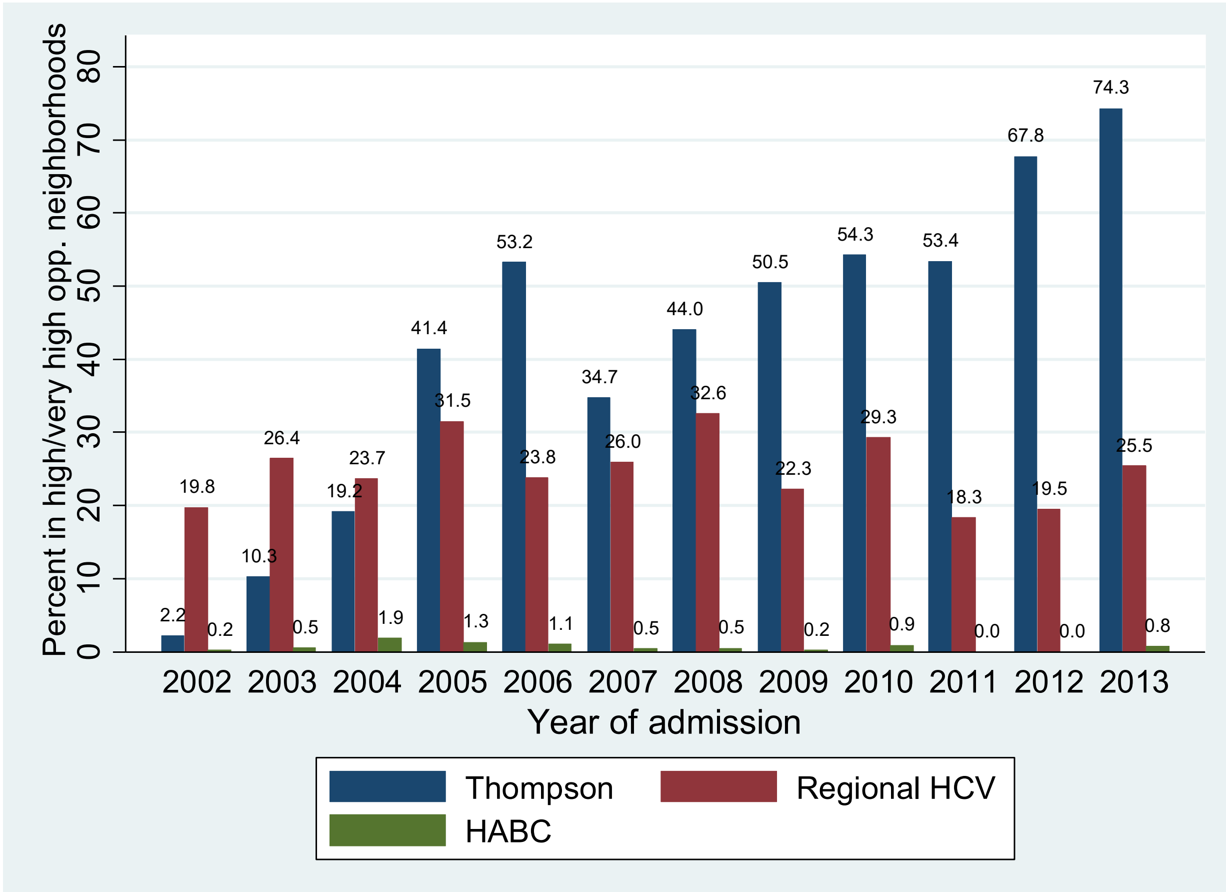
Note: Stars represent significant difference from Thompson households: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$
Source: Urban Institute analysis of restricted-use HUD client data for refined study sample Thompson and HCV households.

Opportunity Outcomes for First Moves

Exhibit V-6 shows the shares of Thompson, HABC, and regional HCV-assisted households who moved to a high or very high opportunity neighborhood through the first voucher move, by year of entry into their respective programs. For example, the 2002 column represents the percentage of all households who received a voucher for the first time in 2002 and moved to a high opportunity area that same year.

Notably, negligible shares of HABC voucher holders reached high opportunity areas at their first move for any cohort year available in the data. For Thompson households, we see that in the earliest program years in our dataset—2002 and 2003—few moved to high opportunity areas for their first moves (3 percent in in 2002 and 8 percent in 2003). In comparison, larger shares of the regional HCV households who received vouchers those same years reached high opportunity areas at their first move (20 percent in 2002 and 31 percent in 2003).

Exhibit V-6.
Percentage of Households in High Opportunity Neighborhoods at First Move



Source: Urban Institute analysis of restricted-use HUD client data for refined study sample of Thompson and HCV households.

Discussions with HUD staff and a review of Thompson Mobility program materials suggests that the 2002 and 2003 cohorts may have been households living in public housing who were issued Thompson vouchers but had not yet used them to move to new rental housing. Mapping the 2003 and 2004 cohorts' addresses reveals considerable overlap with known public housing addresses. Although the overlap is not complete, it appears very likely that the addresses reported for the 2002 and 2003 cohorts were for their public housing units and not an actual voucher move through Thompson assistance. We kept these early cohorts in our study sample to understand how their location outcomes changed over their tenures in the Thompson program.

With some exceptions, the share of Thompson households who reached a high opportunity neighborhood for their first move tended to increase with each entry cohort after 2002. As a result, in 2004 the shares of the Thompson and regional HCV households reaching a high opportunity neighborhood for their first move were roughly equal (20 percent for Thompson and 23 percent for the regional group). Because the regional HCV group did not show similar improvements for later entry-year cohorts, however, as of 2005 and continuing through 2013 the share of Thompson households who reached a high opportunity neighborhood for their first move is consistently larger than the share for regional HCV households, ranging from a difference of 5 percentage points in 2007 to 50 percentage points in 2013. By 2013, three-quarters of Thompson households (99 of 131 households that entered the Thompson program that year) made a first move to a high opportunity neighborhood.

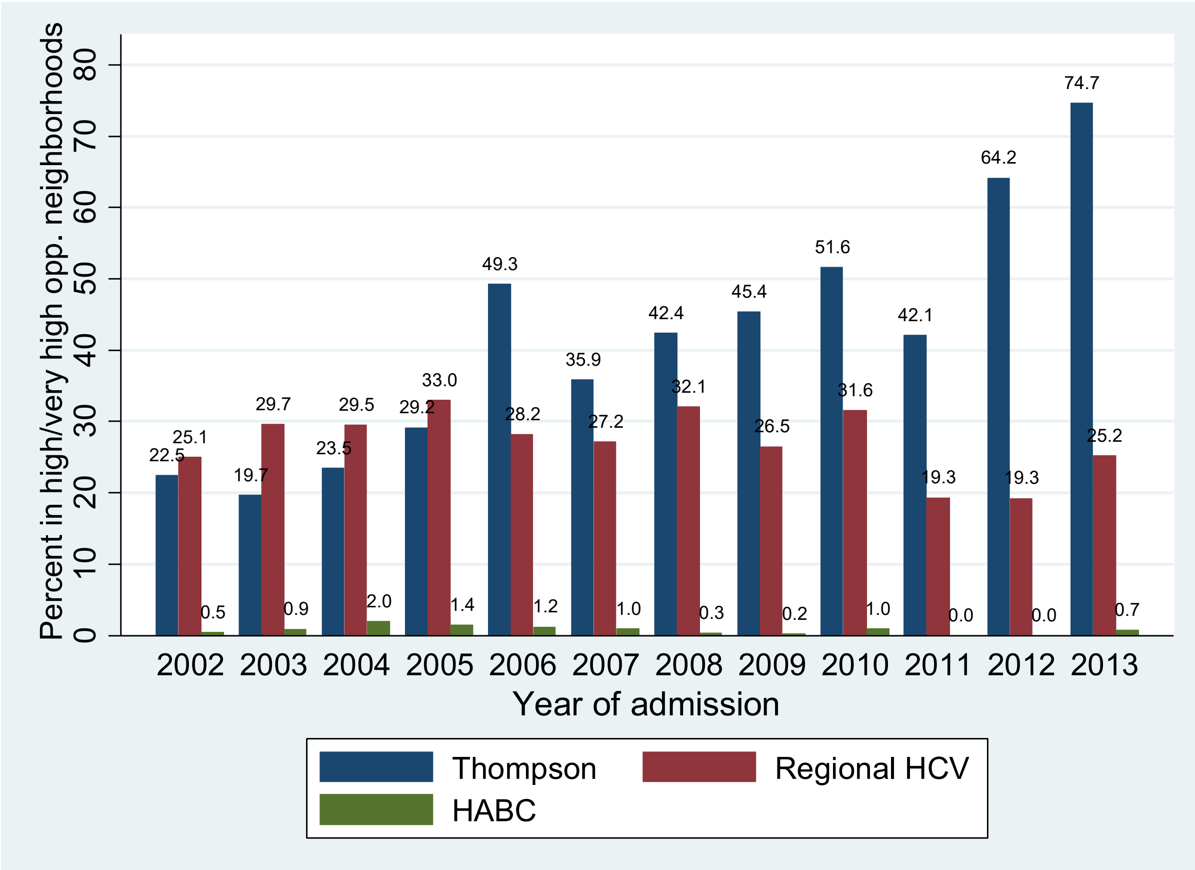
Opportunity Outcomes for Last Recorded Move

Exhibit V-7 looks forward in time to show the shares of Thompson, HABC, and regional HCV households who lived in high or very high opportunity neighborhood as of their last recorded address available in the HUD administrative data. This may represent the census tract a household lived in as of 2013 if they remained active in the program as of 2013 (the last year in our administrative dataset), or it may represent an earlier year if the household left the voucher program before 2013. For example, the 2002 columns represent the shares of voucher holders in each study group who entered the program in 2002 and lived in a high opportunity neighborhood as of 2013 or their last recorded voucher-assisted address.

As noted earlier in this section, very few HABC households lived in high opportunity neighborhoods at any time during the study period, including as of their last recorded voucher move. In contrast, the Thompson and regional HCV households were far more likely to end up in high opportunity neighborhoods. We therefore focus most of the comparison discussion on these two groups.

The last recorded move for regional HCV households varied little over the 11 years in the study period. For any given cohort, approximately 20 percent to 30 percent of regional HCV households reached a high opportunity neighborhood as of their last recorded address; only in 2011 and 2012 did the shares dip below 20 percent.

Exhibit V-7.
Percentage of Households in High Opportunity Neighborhoods at Last Move



Source: Urban Institute analysis of restricted-use HUD client data for refined study sample Thompson and HCV households.

In contrast, with some exceptions, the share of Thompson households in high opportunity neighborhoods at their last recorded voucher address tended to increase for each cohort. By the time of their last recorded move, outcomes for the earliest (2002 and 2003) cohorts of Thompson households showed relatively little difference with regional HCV households—even though, as noted above, first moves for these households were far less likely to be to high opportunity neighborhoods. This suggests that the early cohorts of Thompson households who appeared to live in public housing neighborhoods similar to those of HABC (voucher) households at their first move were later able to reach neighborhoods that more closely resembled those of regional HCV households who received vouchers in 2003 and 2004.

By 2006, the percentage of Thompson households who ended up in a high opportunity neighborhood surpassed that of regional HCV households and, although the percentages dropped for the 2007 and 2011 cohorts, generally increased year to year for subsequent cohorts. For Thompson households who joined the program between 2006 and 2010, between 40 percent and 50 percent remained in a high opportunity neighborhood as of their last recorded voucher move, compared to 20 percent to 30 percent of regional HCV households who received vouchers in the same years.

For later cohorts, particularly 2012 and 2013, locational outcomes of last moves were similar to those for first moves, with more than three-quarters of Thompson households living in high opportunity neighborhoods. Of course, the shorter period of observation means that households who received vouchers in 2012 or 2013 were less likely to have made more than one move—so the first move and last recorded addresses were identical for many of these households. Thompson households in particular were unlikely to have moved, as program requirements expect households to remain in their first move neighborhood for two years.

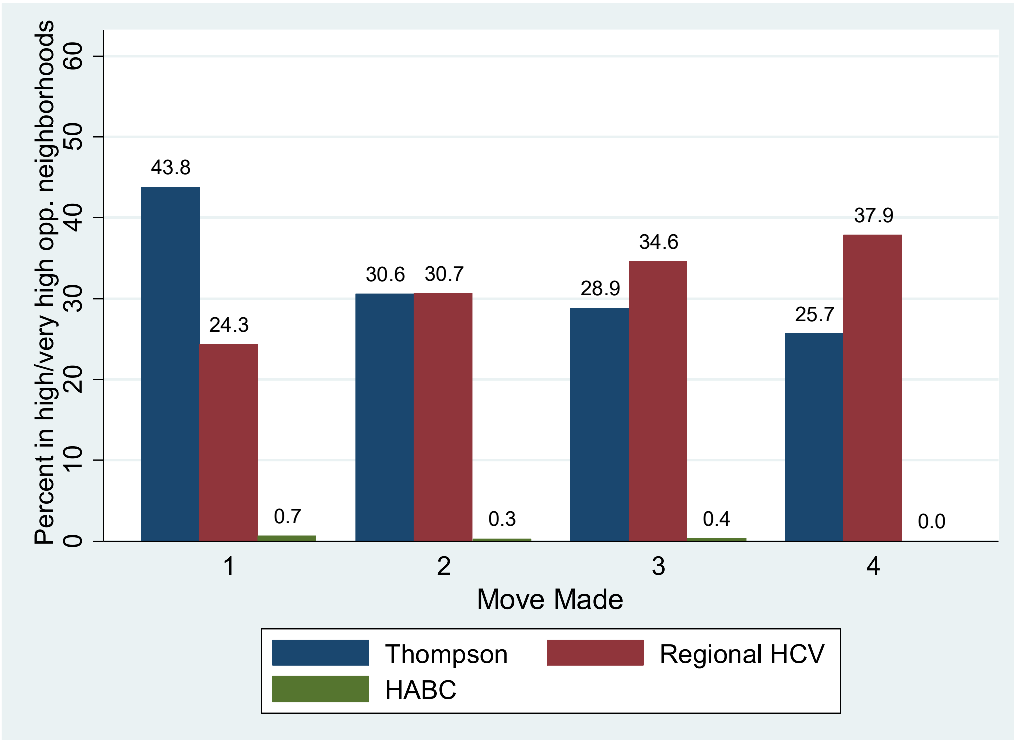
Opportunity Outcomes over Multiple Moves

The above analyses are useful for understanding whether Thompson and comparison group voucher holders reached a high opportunity neighborhood at their first move and as of their last observed location. This analysis cannot, however, shed light on move trajectories over time. For example, how do opportunity outcomes change with each subsequent voucher move? Also, how do these changes compare to those of similar non-Thompson voucher holders? This may be particularly relevant for understanding Thompson outcomes. Thompson households are expected to live in high opportunity neighborhoods for their first move, and beginning in 2007 they were provided with second-move counseling to help ensure these moves were to high opportunity areas. However, there are no restrictions or supports after the second move.

Exhibit V-8 shows location outcomes for up to four voucher moves for Thompson and comparison households.[17] Each set of columns represents the share of households from each study group who moved to a high opportunity neighborhood for a particular voucher move—regardless of when they received a voucher or how many moves in total they made during the study period. Households who made only one observed move appear only in the “one move” column, whereas households who made four moves are included in all four columns.

[17] We limited the analysis to four moves because of very small sample sizes for households in any group whom we observed making five or more moves.

Exhibit V-8.
Percentage of Households in High Opportunity Neighborhoods by Total Moves



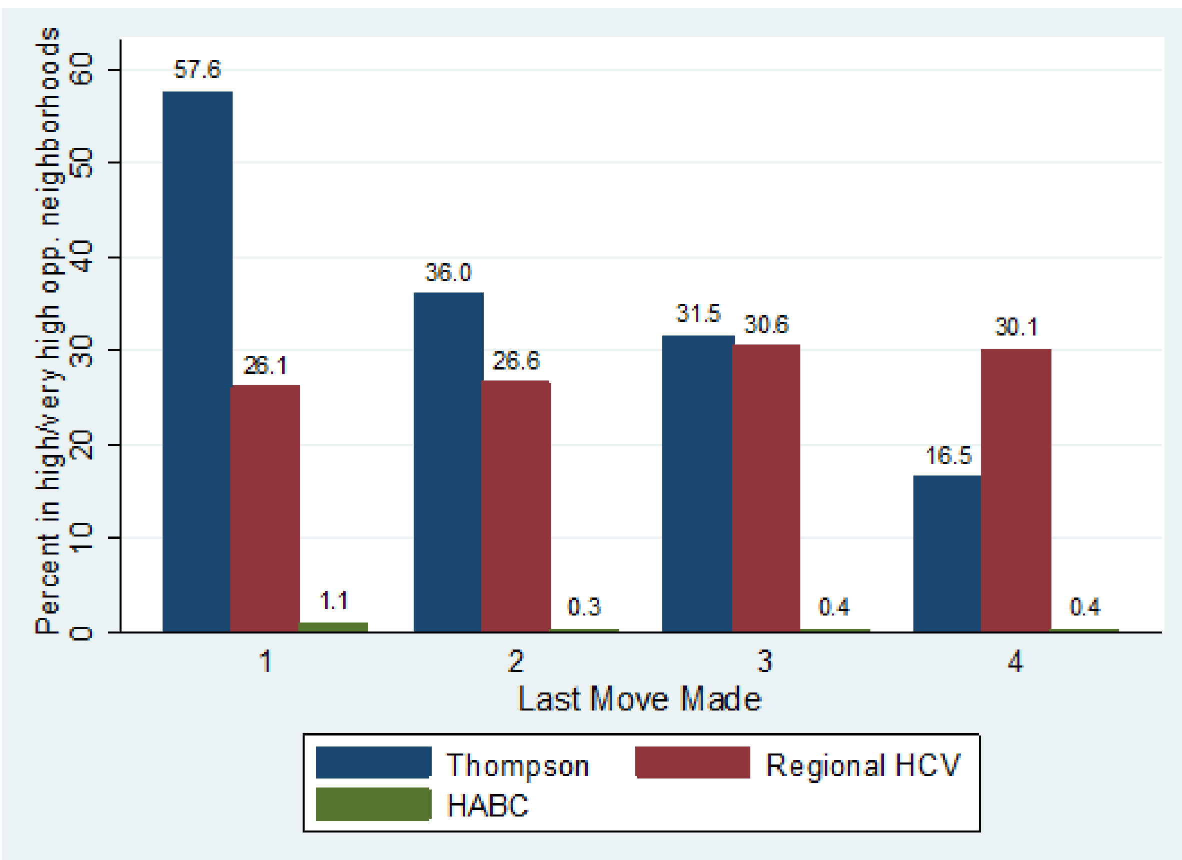
Source: Urban Institute analysis of restricted-use HUD client data for refined study sample Thompson and HCV households.

Again, the share of HABC households who reached a high opportunity neighborhood at any move is close to zero. For any given move, both Thompson and regional HCV households are far more likely to reach a high opportunity neighborhood compared to HABC households.

For both Thompson and regional HCV households, only relatively modest shares (between 25 percent and 41 percent) reached a high opportunity neighborhood for any move, with some notable differences seen for Thompson households versus the regional comparison group.

Exhibit V-9 examines this trend from a slightly different perspective, documenting outcomes for households by the total number of moves made. For example, each column includes a unique set of households who made a total of one, two, three, or four moves over the study period, regardless of year of entry. Thompson households who made four observed moves were less likely to end up in a high opportunity neighborhood as a result of their last move when compared to regional HCV households who also made four moves. Nevertheless, Thompson voucher holders retained their advantage over regional HCV households in reaching high opportunity neighborhoods through the first, second, and third moves.

Exhibit V-9.
Percentage of Households in High Opportunity Neighborhoods by Number of Moves



Source: Urban Institute analysis of restricted-use HUD client data for refined study sample Thompson and HCV households.

Considered together, this suggests that households who made only one move through Thompson were more likely to live in high opportunity neighborhoods. This conclusion may be somewhat weakened by the inclusion of households receiving vouchers in 2012 and 2013 who would have had limited opportunity to move more than once. Nevertheless, households who reached opportunity neighborhoods through a first and only move also included households from earlier cohorts.

It is also apparent that, even though they remained more likely to end up in opportunity areas than the regional HCV households who made multiple moves, Thompson households do not do better making multiple moves over time. With each move made, the share of Thompson households who reached high opportunity areas decreased.

This analysis did not, however, take into account the direction of individual moves—which may miss important improvements in overall access to opportunity. For example, some households who made a second move may go from very low opportunity areas to low or moderate opportunity areas—experiencing qualitative improvements in neighborhood quality even if they do not reach a high or very high opportunity area.

Total Time Spent in High Opportunity Neighborhoods

A final question of interest is whether Thompson assistance resulted in substantively more time spent in higher-opportunity areas than might have been expected otherwise. Whether households can and do remain in high opportunity neighborhoods has important implications in light of findings that each year that a low-income child spends in a high-poverty neighborhood can adversely impact his or her economic outcomes later in life (Chetty et al., 2015).

Exhibit V-10 shows that, over the observed study period, Thompson households spent significantly more time in high opportunity neighborhoods compared to both the HABC and regional HCV comparison groups. On average, Thompson households spent 1.8 of a total 4.9 years of voucher participation in a high opportunity neighborhood (or 43 percent of their total time observed). In contrast, the average regional HCV household spent approximately 26 percent of their observed time in high opportunity neighborhoods, while the average HABC households spent only 1.8 percent of their time in such neighborhoods.

Exhibit V-10.
Average Time Spent in High Opportunity Areas

	Thompson	Regional HCV	HABC
Average Total Years Observed	4.9	5.1*	5.6*
Average Years Observed in High Opportunity Neighborhood	1.8	1.3*	0.1*
Average Percentage of Years Observed in High Opportunity Neighborhood	43.40%	25.8%*	1.8%*
Number of Households	**1,810**	**4,589**	**5,265**

Notes: Stars represent significant difference from Thompson households: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
Source: Urban Institute analysis of restricted-use HUD client data for refined sample Thompson and HCV households and Knaap (2017) Baltimore metropolitan area opportunity scores.

Time Spent in Opportunity Neighborhoods Compared to White Households

The analyses above mainly compare outcomes for households of the same race (African American) and household characteristics as Thompson program participants. This has important implications, as location outcomes for HCV program participants nationally tend to mirror the racial disparities found for the low-income population as a whole. African-American voucher holders tend to live in higher-poverty, more distressed areas than their White HCV program counterparts (Devine et al., 2003; Pendall, 2000; Galvez, 2011; Sard and Rice, 2015).

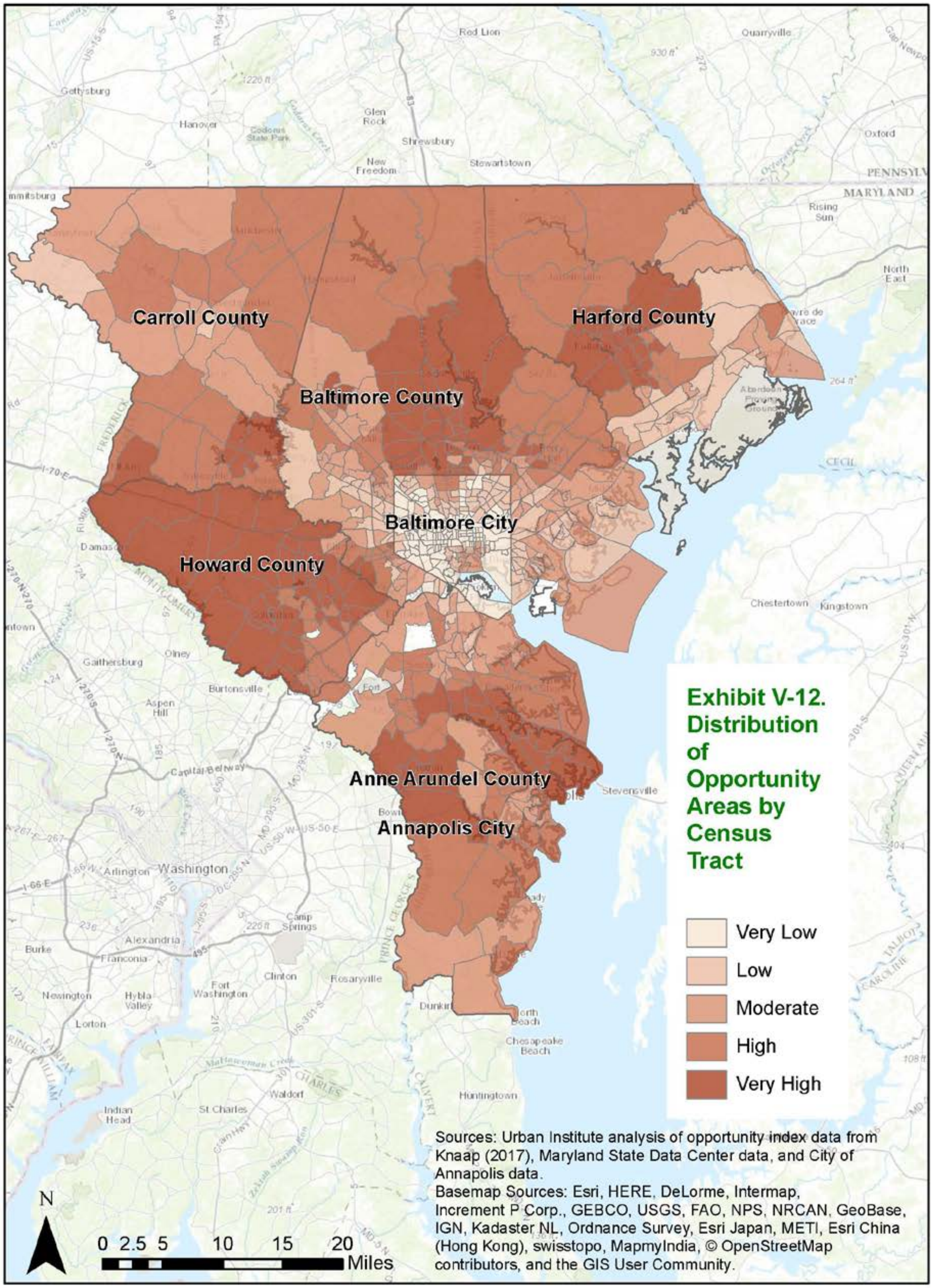
With this fact in mind, a final question of interest is not just whether Thompson households have better locational outcomes than comparable African-American households, but the extent to which Thompson program participation can also help central-city African-American households reside in opportunity neighborhoods at the same rate as White, largely suburban HCV households.

Exhibit V-11 looks at numbers of moves and time spent in high opportunity neighborhoods for Thompson households compared to regional HCV households that were headed by a White person. There were some differences between the Thompson households and the White regional HCV sample. Thompson households had slightly shorter average participation periods (4.9 years compared to 5.2 years) and more observed moves on average (2.0 compared to 1.5). Despite the additional moves, Thompson households spent significantly more time in high opportunity neighborhoods compared to the White sample of regional HCV households and spent a longer share of their time in high opportunity neighborhoods (43 percent compared to 28 percent for the White sample).

Exhibit V-11.
Average Time in High Opportunity Areas Compared to White Regional HCV Households

	Thompson	Regional HCV (White only)
Average Total Years of Participation	4.9	5.2*
Average Number of Years of Participation Living in High Opportunity Neighborhood	1.8	1.5*
Average Percentage of Time in Program Spent in High Opportunity Neighborhood	43.40%	28.3%*
Average Number of Moves	2	1.5*
Number of Households	**1,810**	**10,367**

Notes: Stars represent significant difference from Thompson households: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.
Source: Urban Institute analysis of restricted-use HUD client data for refined sample Thompson and HCV households and Knaap (2017) Baltimore metropolitan area opportunity scores.


Carroll County
Harford County
Baltimore County
Baltimore City
Howard County
Anne Arundel County
Annapolis City
Exhibit V-12. Distribution of Opportunity Areas by Census Tract
Very Low
Low
Moderate
High
Very High
Sources: Urban Institute analysis of opportunity index data from Knaap (2017), Maryland State Data Center data, and City of Annapolis data.
Basemap Sources: Esri, HERE, DeLorme, Intermap, Increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community.
N
0 2.5 5 10 15 20
Miles

CONCLUSIONS

Considered together, results for Thompson households compared to other HCV households in the study region tell a consistent, if complex, story. At any given time, the majority of HCV households lived in low or moderate opportunity areas. Only about one-quarter of Thompson households in 2013 lived in a neighborhood that met all three Thompson Partial Consent Decree criteria, and less than half the full Thompson sample lived in a high opportunity neighborhood at any point in the study period of 2002 to 2013.

These results must be assessed within the context of the structural challenges that limit neighborhood mobility for all low-income African-American households in the study region. By any measure included in this study, Thompson outcomes were far superior to those of households who received tenant-based vouchers from the Housing Authority of Baltimore City. It is clear that participation in the Thompson program vastly improved location outcomes for households who might otherwise be constrained to Baltimore City neighborhoods and advanced their ability to live in lower-poverty, more racially diverse neighborhoods with greater access to economic and educational opportunities.

Comparisons to regional HCV households were more complex, but also suggested some clear advantages for Thompson households—particularly for more recent cohorts of participants. First, whereas the shares of regional HCV households who reached high opportunity neighborhoods remained steady over admission-year cohorts and multiple moves, the shares of Thompson voucher holders who reached high opportunity neighborhoods tended to increase for newer entrants into the program, eventually surpassing their regional HCV counterparts. Given that very large shares of the more recent Thompson cohorts moved to high opportunity neighborhoods, the Thompson advantage may persist or increase in the future.

Second, the results presented here suggest that initial moves matter for Thompson households, and subsequent moves are not necessarily to program participants' advantage. With each subsequent move by a Thompson household, smaller shares overall ended up in high opportunity neighborhoods. Again, the large shares of Thompson households who reached high opportunity neighborhoods in later admission-year cohorts is promising for longer tenures in high opportunity areas, and it may be that later cohorts will make fewer moves over time. Nevertheless, this finding may highlight the importance of move counseling for subsequent moves.

Examining the shares of households who reach high opportunity neighborhoods may also be underestimating the benefits experienced by Thompson program participants. For example, we do not capture the percentage of moves resulting in any type of neighborhood quality improvement—such as a move from a very low to a low or moderate opportunity area—which may also be important for individual and household well-being. Nevertheless, it does not appear that multiple Thompson moves lead to more households reaching high opportunity areas.

Third, Thompson households spent more time in high opportunity neighborhoods compared to even regional HCV households, let alone HABC households who almost never reached high opportunity neighborhoods.

Finally, an important finding is that in addition to having more exposure to high opportunity neighborhoods compared to their African-American counterparts from the HABC or regional HCV households, Thompson households also have more exposure to high opportunity neighborhoods than White regional HCV households who would be expected, based on historical and national trends, to reach these neighborhoods in greater numbers than African Americans.

SECTION VI.
FEDERALLY ASSISTED OR INSURED MULTIFAMILY HOUSING IN THE BALTIMORE REGION

This section examines the characteristics of federally assisted or insured multifamily housing in the Baltimore region (which we refer to as the Opportunity Housing Inventory) and provides an assessment of possible risks to loss of affordability for units in high opportunity areas. The chapter begins with a scan of the research literature on risk factors for affordable housing loss. We then provide both qualitative information on local housing markets from public officials and key stakeholders in the region as well as quantitative data on characteristics of the assisted unit inventory. Finally, specific risk factors identified in the research literature are examined for Opportunity Housing Inventory properties in high opportunity areas to provide a descriptive assessment of how much assisted housing may be at risk.

RISK OF LOSS LITERATURE SCAN

To date, literature on risk of loss of affordable housing units draws upon a relatively limited body of work, with only a handful of comprehensive evaluations assessing probability of risk, and primarily focused on assisted properties. As discussed in more detail below, this research concludes that loss of affordability typically occurs due to conversion of affordable properties to market-rate properties or through deterioration of the property, with conversion to market-rate housing the more likely of the two risks. Furthermore, risk of loss is increased for properties with low rent-to-FMR ratios, properties that are owned by for-profit entities, those that have relatively few subsidized units, or those in poor physical or financial condition. Properties with certain subsidy types, such as 221(d)(3) BMIR, Section 236, Section 8 project based, and LIHTC pre-1990, may also be at greater risk, as are LIHTC projects that have reached the end of their initial 15-year compliance period.

RISK FACTORS

Conversion is more likely to occur in assisted properties with low rent-to-FMR ratios or those under for-profit ownership (Finkel et al., 2006; Rosset-Zuppa, 2008). In fact, Finkel et al. found that 60 percent of all project-based multifamily housing opt-outs in 2004 had rents lower than FMR at the time of opt out (2007). It must be noted, however, that when this study was updated by Ray et al. in 2015, rent-to-FMR and for-profit ownership were found to be less significant risk factors for conversion to market-rate status than in the previous study, although they were still factors. Loss through deteriorating conditions that make properties uninhabitable is a higher risk for properties owned by nonprofits, as they are more likely to lack capital assets needed for repair and renovation (Rosset-Zuppa, 2008; Rodriguez and Green, 2007; Finkel et al., 2006).

Conflicting evidence exists as to whether high-rent areas are more prone to loss of affordable units. Although Melendez et al. did not find location in a high-rent market to alone be a risk factor for LIHTC loss (2008), Finkel et al. and Ray et al. (2015) found higher neighborhood median rent—in addition to other locational factors such as presence in a central city, high neighborhood median income, lower neighborhood poverty rate, and lower neighborhood vacancy rate—to increase the likelihood of opt out. Moreover, in her analysis of Florida properties, Rosset-Zuppa, found that 50 percent of units she considered at-risk were in the four counties that were urbanized, coastal, and had stronger relative housing markets.

These studies considered several other lesser factors that were indicators of likelihood of loss. Physical condition of a property can be measured by proxy using HUD's Real Estate Assessment Center (REAC) score for properties assessed by REAC or age of the structure, as older assisted properties tend to decline in physical condition because of a lack of cash flow and reserves to invest in repairs and renovation (Ray et al., 2015; Rosset-Zuppa, 2008; Finkel et al., 2006).[18] Consequently, financial condition of a property is also an important factor in assessing risk of loss by deterioration. Financial condition can be assessed by loan-to-value ratio, debt coverage ratio, or, though often unavailable, financial reserves (Rosset-Zuppa, 2008).

Size of the property can serve as a rough measure relating to number of subsidized units under a single owner. The fewer subsidized units an owner has, the less benefit achieved in the transaction with the local HUD office and the less administrative skills available to facilitate these dealings. Using this metric, properties with less than 50 subsidized units were found to have the highest risk of opt out (Finkel et al., 2006; Rosset-Zuppa, 2008).

According to Rosset-Zuppa, subsidy types with the greatest risk of loss include 221(d)(3) BMIR, Section 236, Section 8 project-based, and LIHTC pre-1990. However, in analysis conducted by Ray et al., owners still renewed Section 8 contracts in 71 percent of cases. Specifically regarding LIHTC properties, Melendez et al. found there was less risk of loss in properties developed after 1989 due to Congressional legislation that increased the affordability restriction to 30 years, an increase in additional local affordability restrictions, and an increase of nonprofit ownership of LIHTC properties. However, they found the 15-year point still of importance as physical improvement is often necessary at this juncture and investors have already taken out all tax credit value. Although less likely than in pre-1990 LIHTC properties, risk of loss from physical deterioration can still occur, as the extension of the affordability restriction does nothing to provide for the need for capital improvements at this point in time.

[18] HUD's Real Estate Assessment Center conducts physical inspections of properties that are owned, insured, or subsidized by HUD, including public housing and multifamily assisted housing. About 20,000 such inspections are conducted each year to ensure that assisted families have housing that is decent, safe, sanitary, and in good repair (https://www.huduser.gov/portal/datasets/pis.html).

Ray et al. note that certain at-risk properties stayed within the affordable inventory due to a change in characteristics that occurred over the course of their study period. These included ownership transfer of properties from for-profits to nonprofits, new financing programs or contract rents, and upgrades made to physical building conditions.

Reconnaissance Discussions with Local Stakeholders

To obtain further information on local housing market conditions that might pose a risk to assisted and affordable housing available for Thompson households, as part of this study's reconnaissance we conducted interviews in the spring and summer of 2016 with several public officials in local housing agencies in jurisdictions outside of Baltimore City as well as other stakeholders in the region. Interviews were conducted with an open-ended structure, but a series of discussion questions were used to solicit information on priority topics, including current housing market conditions, risks to housing affordability (such as current status of assisted or insured properties and units in the Baltimore region and whether anyone is currently tracking properties that opt out or are at risk of opting out), key players in affordable housing preservation, and use of data sources to inform preservation activities. Further information and a copy of the discussion guide used for the reconnaissance interviews are provided in Appendix B.

In general, interviewees felt that the region had a strong housing market that was bringing in new development but also creating affordability challenges for lower-income renters in a number of communities. Vouchers remain a critical subsidy for renters with the lowest incomes, but barriers still exist to voucher use. An aging affordable housing stock and insufficient resources for redevelopment and preservation of affordable units were also concerns.

Interviewees cited low vacancy rates, high rents, and construction of new multifamily housing as evidence of a strong regional housing market. Interviewees foresaw many new rental units coming online over the 12 to 18 months following the interviews, which were conducted in summer 2016. Nevertheless, these conditions are not uniform throughout the region. For example, in one Maryland county, a major transportation corridor acts as a dividing line between two parts of the county, with older, denser, and more affordable stock concentrated on one side, and much of the newer development taking place on the opposite side; this part of the county has good schools and other amenities, resulting in higher-priced housing. Therefore, creating and preserving more affordable housing in communities that are experiencing new development is important as these are seen as areas of opportunity.

Public housing options are more limited outside of Baltimore City, so vouchers are a vital resource that allows very-low-income renters to live in these communities.[19] Interviewees said that voucher holders face several challenges in trying to find suitable apartments, however. The first difficulty is a shortage of housing units that meet the voucher program payment standards. To be voucher eligible, a housing unit must meet the payment standard set by the issuing public housing authority. The payment standard must be between 90 and 110 percent of the local Fair Market Rent unless HUD has given the housing authority approval to use a higher or lower standard. Fair Market Rent for a two-bedroom apartment in the Baltimore metropolitan area was set at $1,376 per month in 2017.[20]

A second challenge for voucher holders that interviewees cited was finding a landlord willing to accept vouchers. Federal fair housing law does not prohibit landlords from refusing to rent to prospective tenants because they will be using vouchers to pay for all or part of their rent. Some cities, counties, and states around the country have passed local "source-of-income" fair housing statutes to prohibit landlords from discriminating against voucher holders (and others who receive public benefits). No such protections exist under Maryland law, and in the Baltimore metropolitan area, only Baltimore City, Howard County, and the City of Annapolis have passed source-of-income anti-discrimination statutes (PRRAC 2017); thus, landlords in other parts of the region may legally refuse to rent to someone because they have a voucher. Furthermore, even in places where the practice is prohibited, fair housing organizations report that illegal discrimination against voucher holders can still occur (Tighe, Hatch, and Mead, 2017) and may not be remedied if the victim is unaware of the discrimination or does not report the violation.

Some jurisdictions are actively recruiting landlords and have had some success, but in some cases, interviewees said they have encountered misinformation about voucher holders among property owners. For example, according to interviews with stakeholders, landlords often assume that voucher holders are going to destroy the property or not pay their rent. Yet as one interviewee noted, it is unlikely that tenants would take these actions as they would then put themselves at risk of losing their vouchers, for which they may have waited 10 years or more.

Interviewees cited the age of affordable stock as another risk factor. Older properties can face aging infrastructure that needs upgrading or replacing. Other problems can include pest infestations (such as bedbugs) and mildew damage. Owners either cannot or do not want to bear the costs of addressing problems in aging properties, thus creating an incentive to sell buildings to developers and increasing the risk that

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[19] Other than the City of Baltimore, only Anne Arundel County, the City of Annapolis, and the City of Havre de Grace (in Harford County) have housing authorities that provide traditional (publicly owned and managed) public housing units. All counties in the study area, along with the cities of Westminster and Annapolis, operate HCV programs.

[20] https://www.huduser.gov/portal/datasets/fmr.html#2017_data

affordability will not be preserved. Conversely, tenants living in older properties that remain affordable may be addressing increasingly inhabitable or unsafe conditions.

National companies as well as both local private firms and nonprofit organizations own affordable housing in the region. There are also some transitional and permanent supportive housing providers, although there appears to be less concern about these developments, as they seem to be well preserved.

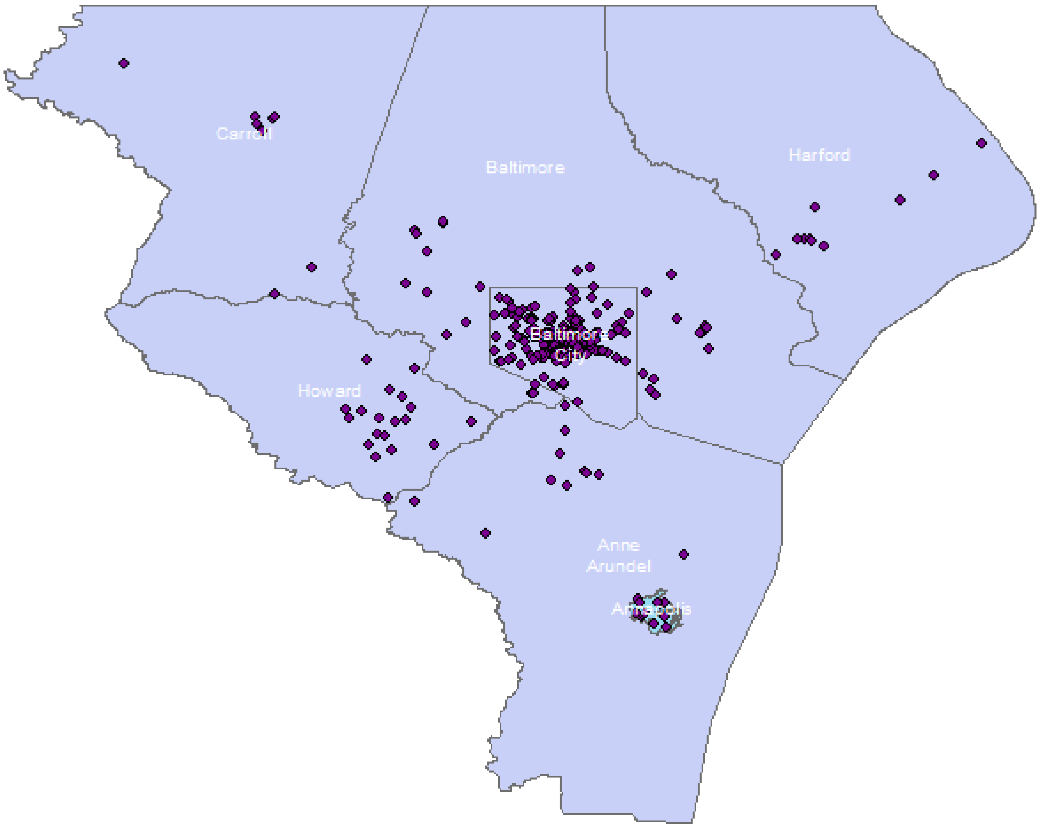
Resources for preserving affordable housing exist, primarily federal subsidies such as tax credits, but one interviewee described them as “superficial” and providing only temporary solutions. Interviewees cited a variety of institutions in the region that are engaged in affordable housing preservation, including local public housing agencies, jurisdictional governments, the state housing agency, and other entities such as the Maryland Department of Disabilities, HUD field office, Enterprise Community Partners, Baltimore Regional Housing Partnership, Maryland Affordable Housing Commission, The Coordinating Center, American Civil Liberties Union of Maryland, Homeless Persons Representation Project, and Maryland Legal Aid.

Regarding the use of data to help inform preservation strategy and actions, interviewees seemed frustrated by the lack of reliable and accessible external data sources that could help them. Some agencies used their own internal data for tracking their own activities but do not access national data. The Baltimore Metropolitan Council (BMC) is assembling a comprehensive housing preservation database from a variety of sources, including the National Housing Preservation Database, which has limitations. For example, the National Housing Preservation Database uses default 15- and 30-year affordability periods for tax credit properties, but Maryland has very specific dates for subsidy expiration, so BMC must add those official dates from other sources. In addition to the subsidized inventory, BMC has purchased data on market rentals from REIS and intends to continue to purchase these data to follow trends in market rentals.

Opportunity Housing Inventory

The Opportunity Housing Inventory was put together using publicly available data provided through the National Housing Preservation Database for our geographies of interest: Anne Arundel County, Baltimore City, Baltimore County, Carroll County, Harford County, and Howard County. In total, the National Housing Preservation Database provided data on 499 properties within this area. These data cover all public housing, Section 8 project-based rental assistance contracted properties, Section 236 multifamily, rural housing Section 515, rural housing Section 538, LIHTC, FHA-insured, and HOME grants. Exhibit VI-1 shows the geographic distribution of these properties.

Exhibit VI-1.
Opportunity Housing Inventory Map



Source: National Housing Preservation Database. 2015. Public and Affordable Housing Corporation and National Low Income Housing Coalition; local data from Housing Commission of Anne Arundel County and Harford County Housing Agency; analysis by Urban Institute.

The National Housing Preservation Database provides each property's street address and an urban/rural designation. Where additional information regarding ownership, manger, and housing quality (by REAC score) is available, it is provided. Though the ownership of the majority of properties within our criteria is listed, manager type and REAC score are available in fewer cases. Information on the subsidies used to finance each project or programs under which it falls is also included. For each subsidy and program, start and end dates (where applicable) are provided, and for Section 8 housing, rent-to-FMR ratio is also included.

After comparing the National Housing Preservation Database data against HUD's "A Picture of Subsidized Households" and a scan of other national sources, AREA determined that there were no substantial data gaps in the property coverage of the National Housing Preservation Database. In addition, AREA obtained localized lists of subsidized properties from Anne Arundel County and Harford County. As a result, we were able to add to the inventory four Anne Arundel properties that contained requisite information. The limited amount of necessary additions further confirmed that there were no systematic gaps in the National Housing Preservation Database.

Because senior housing was not of interest in determining availability of assisted housing for Thompson households, all Section 202 housing was dropped from our inventory. Further, any housing property whose name included either of the keywords "senior" or "elderly" was also dropped. An additional 61 properties identified as elderly/disabled projects by the project team were dropped from our inventory.

All 325 remaining properties in the inventory were matched by their address to their census tract via the Census Geocoder. This tool provided tract matches for all but 47 properties. For 45 of these properties, we used Google Maps to place their addresses and then overlaid a KML geographic shapefile of census tracts to determine the corresponding match. The two properties without requisite location identification were dropped from our inventory.

After tracts were assigned to each Opportunity Housing Inventory project, our tract-based opportunity scores (including a measurement of social opportunity, geographic opportunity, institutional opportunity, environmental opportunity, and a combined composite score) were matched to each property by census tract.

After the inventory was compiled, data on year constructed were added from Maryland Property View by matching records on property address. The geographic data provided by Maryland Property View was converted into tabular form to be merged with our inventory data. Of the Opportunity Inventory's 323 properties, 163 were matched to the Maryland Property View database. Of these, 103 properties contained valid year-built data.

CHARACTERISTICS OF OPPORTUNITY HOUSING

Using the data sources described above, the total inventory of assisted housing compiled for the Opportunity Housing Inventory comprised 38,457 assisted units in 323 properties (Exhibit VI-2). A small share of these assisted units can be found in high opportunity areas, however. Only about 9 percent or 3,628 assisted units in 31 properties are located in census tracts that had an opportunity score of high or very high. Assisted housing in high opportunity areas are therefore a rather limited resource.

Exhibit VI-2.
Opportunity Housing Inventory Area Breakdown

	Properties		Assisted Units	
	Number	**Percent**	**Number**	**Percent**
In High Opportunity Area	31	10%	3,628	9%
Not in High Opportunity Area	292	90%	34,829	91%
Total	**323**	**100%**	**38,457**	**100%**

Source: National Housing Preservation Database. 2015. Public and Affordable Housing Corporation and National Low Income Housing Coalition; local data from Housing Commission of Anne Arundel County and Harford County Housing Agency; analysis by Urban Institute.

Exhibit VI-3 provides more information on characteristics of assisted properties and units, both overall and those located in high opportunity areas.

Although Baltimore City contains 68 percent of all assisted units in the Opportunity Housing Inventory, none of these are located within high opportunity areas. Harford County also contains no assisted units located within high opportunity areas. Conversely, Howard County possesses the largest share of assisted units in high opportunity areas (72 percent), yet the county is home to only 7 percent of all assisted units. A slightly higher proportion of assisted units in high opportunity areas are located in Anne Arundel County and the City of Annapolis, compared with assisted units overall. Exhibit V-12 shows the distribution of assisted properties throughout the region.

Assisted properties in high opportunity areas are more likely to be owned by a for-profit entity than assisted properties overall. All told, 38 percent of assisted units in high opportunity areas have a for-profit owner, compared to 36 percent of all assisted units, according to HUD data. Among those with data reported, most assisted units are managed by a for-profit housing manager rather than a nonprofit. Data on property management have very high rates of nonreporting (over 70 percent overall), however, and so should be used with caution.

Exhibit VI-3.
Opportunity Housing Inventory Property and Unit Characteristics

	Properties		Assisted Units	
	Opportunity Inventory	In High Opportunity Area	Opportunity Inventory	In High Opportunity Area
Jurisdiction				
Anne Arundel County	3%	10%	5%	9%
Annapolis	6%	6%	7%	9%
Baltimore City	70%	0%	68%	0%
Baltimore County	9%	10%	9%	8%
Carroll County	2%	10%	1%	2%
Harford County	3%	0%	4%	0%
Howard County	6%	65%	7%	72%
Owner Type				
For Profit	34%	32%	36%	38%
Housing Authority	18%	6%	34%	6%
Multiple	2%	3%	3%	4%
Nonprofit	15%	19%	10%	22%
Unknown	31%	39%	16%	30%
Manager Type				
For Profit	22%	35%	26%	42%
Nonprofit	2%	3%	3%	1%
Unknown	76%	61%	71%	58%
REAC Score				
80 or Higher	25%	34%	36%	37%
60 to 79	2%	0%	5%	0%
Below 60	0%	0%	0%	0%
No Score	34%	36%	23%	35%
Not Applicable (Public Housing only)	N/A	N/A	N/A	N/A

Exhibit VI-3. (continued)
Opportunity Housing Inventory Property and Unit Characteristics

	Properties		Assisted Units	
	Opportunity Inventory	**In High Opportunity Area**	**Opportunity Inventory**	**In High Opportunity Area**
Year Built				
Before 1950	17%	3%	7%	0%
1950–1974	2%	0%	2%	0%
1975–1999	6%	10%	6%	7%
2000–2014	7%	10%	5%	7%
Unknown	68%	77%	80%	86%
Start Date				
1970–1979	2%	3%	2%	5%
1980–1989	8%	10%	5%	4%
1990–1999	28%	26%	19%	29%
2000–2009	28%	35%	26%	37%
2010–2017	10%	10%	11%	12%
Unknown	17%	6%	32%	6%
Rent-to-FMR Ratio (Section 8 Properties)				
50–79	24%	20%	21%	22%
80–119	65%	50%	67%	46%
120–149	11%	30%	11%	32%
Not Applicable (not Section 8)	N/A	N/A	N/A	N/A
Total	**100%**	**100%**	**100%**	**100%**

Sources: National Housing Preservation Database, 2015. Public and Affordable Housing Corporation and National Low Income Housing Coalition; local data from Housing Commission of Anne Arundel County and Harford County Housing Agency; analysis by Urban Institute.

Less than one-quarter of the units in the Opportunity Inventory have been assessed under the REAC system. Units in high opportunity areas were slightly less likely to be in a property that received a REAC score (37 percent) than were assisted units overall (41 percent).[21] Among assisted units in assessed properties, almost all (86 percent) received a score of 80 or higher. By contrast, every single assisted unit located in a high opportunity area received a REAC score of 80 or above.

[21] A property's numerical REAC score is a weighted average of area and subarea scores, converted to a 1 to 100 scale that assesses the property's site, building exterior, building systems, common areas, and dwelling units. Properties with higher numerical scores are deemed to be in better physical condition than those receiving lower scores. A score of 60 or higher is considered "passing."
(From https://www.hud.gov/offices/reac/pdf/reaphyin_scoring.pdf.)

Only 32 percent of assisted properties in the Opportunity Inventory have available data on the year they were constructed. Based on data available, assisted properties in high opportunity areas tend to be newer than assisted properties overall. Of all assisted properties, 17 percent were constructed before 1950, compared with only 3 percent of assisted properties in high opportunity areas. Assisted properties in high opportunity areas were slightly more likely to be built between 1975 and 2014 (20 percent) relative to all assisted properties (13 percent).

The distribution of property subsidy start dates for assisted units in high opportunity areas does not differ substantially from start dates for assisted units overall. Both within (66 percent) and outside (45 percent) of high opportunity areas, the bulk of units had subsidy start dates between 1990 and 2009, though a significantly larger proportion of assisted units located in high opportunity areas reported start year data (94 percent) than assisted units overall (78 percent).

The affordability standards of assisted units in high opportunity areas tends to be targeted toward relatively higher rent levels than assisted units overall, based on Section 8 and other rental assistance contract projects where rent-to-fair market rent (rent-to-FMR) ratios are reported. Assisted units in high opportunity areas are less likely to have rent-to-FMR ratios below 80 percent compared with assisted units overall. In fact, over 30 percent of units in high opportunity areas have rent-to-FMR ratios of between 120 percent and 149 percent. In general, units with higher rent-to-FMR ratios would be affordable to households with relatively higher incomes, but extremely low-income households may be able to live in units with rents up to 110 percent of FMR (depending on the specific payment standard set by the public housing authority) with a Housing Choice Voucher.

Almost all the assisted units overall are located in urbanized areas, with only one urban cluster property identified in the Opportunity Housing Inventory. This urban cluster property with 24 assisted units is not located in a high opportunity area.

Exhibit VI-4 contains information on the subsidies for properties and units in the Opportunity Housing Inventory. The earliest subsidy expiration date for assisted units in a property can provide some indication of potential risk of subsidy loss. Although most owners choose to renew their subsidy contracts or maintain tax credit affordability restrictions and keep the units affordable, this outcome is not guaranteed. Assisted units in high opportunity areas are slightly more likely to have a subsidy expiration date in 2025 or later compared to assisted units overall. Almost all assisted units have subsidy expiration before 2040, however.

Public housing was far less likely to be in high opportunity areas, making up 6 percent of assisted units in high opportunity areas compared to 32 percent overall. Units financed by Section 8 contract (alone or with other subsidies), Low-Income Housing Tax Credit only, or HOME grants only are substantially more prevalent in higher opportunity areas.

Exhibit VI-4.
Opportunity Housing Inventory Subsidy Summary

	Properties		Assisted Units	
	Opportunity Inventory	**In High Opportunity Area**	**Opportunity Inventory**	**In High Opportunity Area**
Earliest Subsidy Expiration Date				
2017–2019	30%	31%	24%	23%
2020–2024	36%	31%	35%	30%
2025–2029	22%	31%	23%	40%
2030–2039	10%	3%	15%	7%
2040–2059	1%	0%	2%	0%
Unknown	1%	3%	0%	1%
Not Applicable	N/A	N/A	N/A	N/A
Active Subsidy Programs				
Public Housing Only	17%	6%	32%	6%
Section 8 Only	8%	13%	11%	20%
Section 8 and Other Subsidies	15%	19%	17%	21%
Low-Income Housing Tax Credits Only	40%	32%	25%	34%
LIHTC and Bonds Only	3%	3%	3%	2%
HOME Only	7%	13%	3%	9%
All Other combinations	11%	13%	9%	9%
Total	100%	100%	100%	100%

Sources: National Housing Preservation Database, 2015. Public and Affordable Housing Corporation and National Low Income Housing Coalition; local data from Housing Commission of Anne Arundel County and Harford County Housing Agency; analysis by Urban Institute.

Opt-Out Risks for Opportunity Housing

Drawing upon the risk of loss literature scan, summarized above, we analyzed available data about risk of loss factors for the Opportunity Housing Inventory. Based on the research literature, we considered a property in the Opportunity Housing Inventory at higher risk of losing its affordability by way of conversion to market rate or at higher risk of loss through deterioration if it included any of the following characteristics:

- Under for-profit ownership
- A rent-to-FMR ratio below 100
- Fewer than 50 units
- A REAC score below 80 (for properties with REAC scores)
- Built prior to 1975
- Covered by Section 8 project-based voucher, LIHTC pre-1990, or LIHTC reaching the end of its 15-year compliance period by 2019

In addition, and again based on the literature, we considered properties to be at higher risk of market-rate conversion if they were located in the top 25th percentile of tracts in the study area for any of the following characteristics:

- High median rent
- High median household income
- Low poverty rate
- Low rental and homeowner housing vacancy rate

Exhibit VI-5 displays how many properties within high opportunity areas and in total exhibit the characteristics listed above that contribute to a higher probability that an assisted property will be at risk of loss. Compared to the overall portfolio, assisted properties and units in high opportunity tracts are much more likely to be located in neighborhoods with low poverty rates, high median household incomes, high median rents, and low vacancy rates, which is not surprising given that these characteristics are either directly or indirectly correlated with our measures of opportunity. Assisted properties and units in high opportunity areas are also more likely to have subsidy types that would put them at higher risk.

Exhibit VI-5.
Opportunity Housing Inventory Opt-Out Risk Factors

	Properties		Assisted Units	
	Opportunity Inventory	**In High Opportunity Area**	**Opportunity Inventory**	**In High Opportunity Area**
Rent-to-FMR Ratio below 100 (Section 8 properties)	64%	50%	60%	48%
For-Profit Owner	34%	32%	36%	38%
REAC Score Below 80	1%	0%	1%	0%
Built Before 1975	23%	3%	13%	0%
Low Neighborhood Poverty Rate	2%	26%	1%	14%
High Neighborhood Median Household Income	6%	52%	5%	45%
High Neighborhood Median Rent	8%	58%	9%	70%
Low Neighborhood Vacancy Rate	13%	48%	15%	39%
Fewer than 50 Units	36%	26%	6%	5%
More At-Risk Subsidy Type (Section 8 project-based, LIHTC pre-1990, or LIHTC nearing end of 15-year compliance period)	43%	39%	37%	41%

Sources: National Housing Preservation Database, 2015. Public and Affordable Housing Corporation and National Low Income Housing Coalition; local data from Housing Commission of Anne Arundel County and Harford County Housing Agency; analysis by Urban Institute.

These characteristics suggest that assisted properties and units in high opportunity areas would have a relatively higher risk of loss from market conversion compared to the portfolio overall. In contrast, the percentage of units built before 1975 is appreciably higher outside of high opportunity areas (23 percent compared to 3 percent within high opportunity areas). This suggests that risk of loss from deterioration might be greater outside areas of high opportunity. The percentage of units with REAC scores below 80 is extremely low in each case: 1 percent in all areas and 0 percent in high opportunity areas.

Looking across all of the above criteria, 20 percent of subsidized units in the Opportunity Housing Inventory have no risk factors (Exhibit VI-6). However, only 6 percent of subsidized units in high opportunity areas are similarly without risk of loss factors. A total of 56 percent of subsidized units in high opportunity areas possess 3 or more risk factors, compared to 21 percent of all subsidized units.

Exhibit VI-6.
Opportunity Housing Inventory Risk Factors Summary

	Properties		**Assisted Units**	
	Opportunity Inventory	**In High Opportunity Area**	**Opportunity Inventory**	**In High Opportunity Area**
Number of Risk Factors				
0	20%	3%	35%	6%
1 to 2	49%	35%	44%	38%
3 or more	32%	61%	21%	56%
Total	**100%**	**100%**	**100%**	**100%**

Sources: National Housing Preservation Database, 2015. Public and Affordable Housing Corporation and National Low Income Housing Coalition; local data from Housing Commission of Anne Arundel County and Harford County Housing Agency; analysis by Urban Institute.

SECTION VII. CHARACTERISTICS OF OCCUPANTS VERSUS APPLICANTS AT ASSISTED/INSURED FAMILY HOUSING

NATURE OF THE RESEARCH

One research topic specified in the Final Settlement Agreement was “an analysis of applications for and occupancy of federally assisted or insured non-elderly family housing in the Baltimore region by income, race, ethnicity, household type and composition, number of children, use of voucher and other rent subsidies, neighborhood demographics, performance of schools serving the units, and other relevant factors.”

Data are generally available to assess the characteristics of occupants of some types of affordable housing. In particular, HUD’s “A Picture of Subsidized Households” provides information on assisted housing funded by HUD. The U.S. Department of Agriculture’s Rural Development program provides data on characteristics of individuals living in USDA/RD-funded developments, but unlike “A Picture of Subsidized Households,” the USDA/RD database offers very limited information on household heads. In addition, data are not readily available on the characteristics of occupants of affordable housing developed using Low-Income Housing Tax Credits.

Further, data on the socioeconomic characteristics of applicants on wait lists for assisted and insured housing are generally not maintained in central databases. Moreover, application forms used by individual management companies are not standardized, making wait list comparisons across properties problematic. To avoid discrimination in the tenant selection process, initial application forms do not ask about race or ethnicity—although they do ask about sources of income, employment status, household size, and age of household members.

Given data limitations, this research focused on a limited number of assisted and insured properties to determine how much, if any, information is available for comparison of affordable housing applicants with current residents. The objective was primarily to determine if a more in-depth analysis of assisted/insured housing would yield useful information for comparing applicants, property residents, and neighborhood residents.

METHODOLOGY

Research Objective 3 in the scope of services required identification of a sample of 10 assisted/insured family properties in the region in order to examine the socioeconomic and demographic characteristics of both current tenants and applicants. These properties were to be located in communities of opportunity, as identified in Research Objective 2b.

Key data sources and methods used included:

- Review of secondary data sources, including HUD's "A Picture of Subsidized Households" and the USDA/RD "Section 515 Rural Rental Housing Program Database"

- Initial telephone interviews with property owners and managers of selected properties

- In-person interviews with property owners and managers for selected properties, when feasible

- Follow-up distribution of data collection instruments via U.S. mail and the Internet, and follow-up e-mails, faxes, and phone calls to encourage the return of data collection forms

Using property lists prepared for Objective 2b, AREA identified a group of family properties. Although such a small sample cannot be deemed representative of all privately managed affordable housing in communities of opportunity in the Baltimore metropolitan area, AREA felt that it was important that the group represent a range of property sizes, ages, unit mix, and types of subsidy. We included at least one property in each of the five counties in suburban Baltimore.

Initial information was collected through a combination of field visits and telephone interviews with property managers and leasing agents. AREA staff visited five properties in Anne Arundel and Howard counties in September 2016; another eight were visited in October 2016 in Baltimore, Carroll, and Harford counties. We conducted follow-up interviews by phone for a few properties where on-site personnel were not available during our field visits. In total, we contacted 13 properties.

In an effort to collect as much information as possible on the characteristics of applicants and residents of each of the properties, we undertook the following key tasks:

- **Letters and Data Collection Forms.** After the initial interviews, AREA sent a letter and two data collection forms to all 13 properties on November 10, 2016. The forms requested detailed data on the characteristics of current residents as well as information on households on wait lists. (Copies of these forms are included in an appendix to this report.) Recognizing that private management companies would be concerned about divulging such information, AREA provided a full explanation of the purpose of our research, along with contact information for AREA and HUD personnel who could answer questions about the purpose of the research and verify the reason for our request.

- **Letter from HUD.** The HUD Government Technical Representative (GTR) for this assignment also sent a letter to the interviewees at the 13 properties requesting their assistance with the data collection effort, assuring them that no information on individual households would be divulged and no privacy standards would be violated. The GTR mailed his letter on December 8, 2016.

- **Faxes, E-mails, and Telephone Calls.** Follow-up faxes, e-mails, and/or phone calls were made later in December and again in January and February 2017 to urge managers to fill out their forms.[22] Each property was contacted at least twice if its forms were not returned by mid-January.

- **Offer of AREA Staff Support with Data Collection.** AREA offered to send staff to the property offices to assist in compiling data, especially wait list information that is often not computerized; however, no respondents requested this assistance.

As a result of these efforts, four properties submitted forms that were fully or partially completed. Two property representatives indicated that they were working on the forms, but responses were never received. Yet another property representative provided partial information but did not fill out the forms in detail.

Information obtained from the interviews and completed data collection forms were supplemented with indicators from HUD's "A Picture of Subsidized Households" database for 2015 and the USDA's Section 515 Rural Development database for 2016. HUD also provided us with household and resident information from internal sources for two LIHTC properties.

[22] Reminder letters were sent on December 14 and 15, 2016, with follow-up faxes on December 21, 2016, and telephone calls and e-mails on January 23, and February 8 and 9, 2017.

INTERVIEWS WITH PROPERTY MANAGERS AND LEASING AGENTS

In-person interviews were conducted with personnel at 9 of the 13 properties in September and October 2016; the remaining four were contacted by phone. Respondents were asked to provide basic information on the properties (number of units, property age, unit mix, subsidy source, income mix, amenities, occupancy rate, and length of the wait list, if any). This information supplemented statistics available from the National Housing Preservation database.

Interviewees were also asked about tenant demographics and the characteristics of households on wait lists. Because respondents were unable (or unwilling) to divulge detailed tenant characteristics due to privacy and/or fair housing concerns, follow-up letters (from both AREA and the HUD GTR) were sent to the interviewees along with detailed data collection forms (see discussion below).

Although the in-person and telephone interviews did not yield hard numbers regarding tenant or wait list household characteristics, conversations with property staff generated several useful impressions. However, the findings must be viewed with caution because of the small number of properties in this sample.

DESCRIPTION OF PROPERTIES IN THE SAMPLE

Characteristics of the 13 properties that were visited, and whose managers or leasing agents were interviewed in the field or on the phone, are described.

Geographic Location

- Anne Arundel County: three properties
- Baltimore County: two properties
- Carroll County: four properties
- Harford County: one property
- Howard County: three properties

The largest numbers of affordable family properties in communities of opportunity were found in Howard County, with a significant number in the Columbia area. Anne Arundel County also has numerous privately managed affordable developments, but many were not located in communities of opportunity. There were far fewer choices in suburban Baltimore County and Harford County, where most affordable family properties are not located in opportunity areas. In Carroll County, as will be seen below, properties are small and on-site management is not present on a daily basis.[23]

[23] As was shown in Section VI, the City of Baltimore as well as some other jurisdictions in the study area did not have any properties in very high or high opportunity Areas. The 13 properties for which staff members were interviewed included two in Baltimore County located in moderate opportunity census tracts, as well as one in a moderate opportunity tract in Harford County. In Anne Arundel County, all three properties were in high opportunity areas. In Carroll County, one property was located in a moderate

Use of Affordable Housing Programs

Low-Income Housing Tax Credits

Six of the properties provide affordable units using Low-Income Housing Tax Credits (LIHTCs). Two of these properties also had project-based Section 811 funding for a small number of units serving households with a member who is a person with a disability. Four of the LIHTC properties serve both low-income and market-rate households, and two serve only households with incomes below 60 percent of area median.[24] In all cases, management accepts households with Housing Choice Vouchers (HCVs).

- One mixed-income property has 258 total units, of which 102 (40 percent) are made affordable using LIHTCs; the remainder are market rate. The respondent was aware that some residents have HCVs but did not know if any Thompson voucher holders were residing there.

- Another mixed-income property has 196 total units, of which 49 (25 percent) are affordable using LIHTCs. Moderate-income units built pursuant to the Howard County inclusionary zoning program (see Section IX for a description of this program) account for 51 apartments in this development. Four households have Thompson (Baltimore Regional Housing Partnership) vouchers, and two have Howard County vouchers. The remaining units are market rate.

  A 1980s-vintage building was renovated using LIHTCs, which cover 95 of its 140 units; the other 45 units are market rate. The staff person we interviewed did not know the precise number of HCV tenants, but estimated the percentage at 5 percent to 10 percent of total units.

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opportunity area; the other three were in high or very high opportunity tracts. All three properties visited in Howard County were in high opportunity locations.

[24] HUD's definition of "low income" is not the same as the one used by the LIHTC program. HUD considers a household with an income below 80 percent of AMI to be low income. The LIHTC program defines a low-income household as having an income below 60 percent of AMI, and very low income at below 50 percent of AMI.

- Sixty-two of 84 apartments at a new property (opened late in 2015) are covered by LIHTCs, and another 13 units have project-based Section 811 vouchers. The property includes nine market-rate units, and it accepts HCVs. During our field visit, all HCVs were from Harford County; none were Thompson vouchers.

- Another new property (opened in 2016) has 48 LIHTC units. It has 8 project-based Section 811 subsidies and 10 families who use Thompson vouchers. The voucher holders typically reside in the units designated for households who earn 60 percent of AMI.

- An atypical LIHTC property with 22 single-family detached homes also used HOME funds. The property housed six HCV holders at the time of our field visit; all of the vouchers were from the City of Annapolis or Anne Arundel County; there are no Thompson voucher holders who reside there.

Some of the LIHTC properties have units set aside for households with incomes as low as 30 percent and 40 percent of AMI. However, most tax credit units are affordable only to households at 50 percent and 60 percent of AMI; extremely low-income households would need a voucher to afford the rents.

In addition to the properties where rents are affordable primarily using LIHTCs, three older properties (two with project-based Section 8 subsidies and one built under the USDA's Rural Development program) were renovated using LIHTCs.

Properties with HUD project-based Section 8 subsidies
AREA interviewed management at four properties where the majority of units were subsidized through the HUD project-based Section 8 program.

- At one property, 200 units were project-based Section 8 units and 100 apartments were market rate. No HCV holders were said to reside in the market-rate units.

- One multibuilding property is a former HUD Section 236 property. (When built, Section 236 properties enjoyed low-interest—1 percent—loans that kept rents affordable.) Of its 108 units, 98 now have project-based Section 8 subsidies. Tax credits were used for renovations; nine units now have fixed rents affordable at 50 percent of AMI, and two of these units are occupied by households with vouchers from the Innovative Housing Institute.

- A third property had 277 project-based Section 8 units and seven LIHTC units affordable for households with incomes at 50 percent and 60 percent of AMI. A small number of the LIHTC units are occupied by county voucher holders.

- Project-based Section 8 subsidies covered all 26 units at another property.

USDA/RD properties
U.S. Department of Agriculture Section 515 Rural Development (RD) funds were used to finance three small properties in Carroll County.[25]

- At a 32-unit property, LIHTCs were used to finance renovations in 1998, so all tenants must have incomes below 60 percent of AMI at move-in. However, because RD Section 515 maximum incomes are higher than those permitted under LIHTC, a family of four with an income as high as $71,300 can continue to live there. Of the property's 32 units, 24 have RD rental assistance subsidies.

- Another RD property with 20 units has a mix of incomes. Seventeen units have rental subsidies through the RD 521 program (these tenants pay 30 percent of income for rent and utilities), and three can be occupied by moderate-income households who meet the RD maximum income standards. Two of the moderate-income units are currently occupied by HCV holders; only one is rented at the RD moderate-income rate.

- The third Section 515 property has 24 units. Twelve households have Carroll County HCVs.

Subsidy information is summarized in Exhibit VII-1, below.

Property Age

As indicated, two properties, both LIHTC properties, were less than one year old at the time of our field visit. Both leased very quickly. Thus, neither had a full year of operating experience when we visited. Only one other property in the sample opened after 2000.

The oldest properties in the group have project-based Section 8 subsidies; they date from the 1970s. One of these was undergoing a major renovation when we visited. All three RD properties date from the 1980s.

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[25] The U.S. Department of Agriculture's Rural Development program provides low-interest financing, loan guarantees, and in some cases project-based rental assistance for very low-, low-, and moderate-income households residing in qualifying locations with populations below 35,000. At initial occupancy, a household in an RD-financed property can have an income as high as 115 percent of AMI. However, households applying to older RD properties that are renovated using LIHTCs must adhere to the tax credit program's income maximum of 60 percent of AMI upon move-in. If the household's income rises above 60 percent of AMI, they can remain in the property if their income stays below 115 percent of AMI. Project-based rental assistance is available only to very low- and low-income residents.

Building Styles and Mix of Unit Sizes

Resident and wait list demographics are heavily influenced by the presence of larger units that can accommodate families with more than one child. Analyses of impediments to fair housing in the Baltimore region note that the limited number of affordable units with three or more bedrooms is a barrier to mobility for large families. Typically, townhouse-style properties have mostly two- and three-bedroom units; these larger units account for the majority at six of the properties in the sample. One project in the sample consists of single-family detached homes with three bedrooms and two or 2.5 baths, but this style is atypical for affordable rental developments in suburban Baltimore.

Two large mixed-income LIHTC properties have some two-bedroom units with dens and/or three-bedroom apartments, but these larger units are only a fraction of the total (8 percent at one property, and 14 percent at another). The third mixed-income LIHTC property has mostly one-bedroom units.

The sample's only property initially financed under the Section 236 BMIR program now has Section 8 subsidies for most of its units and was renovated using LIHTCs. The units are flats, but two- and three-bedroom apartments comprise 78 of the 106 units in use at the present time (two units are offline, used as office and community space). At another Section 8 property, most of the units are townhouses; a small share (10 percent) of the units has just one bedroom, and 60 percent have two bedrooms. However, the property has 91 three- and four-bedroom townhouses (30 percent), each with two baths. This is the only property in the sample with any four-bedroom units.

Only two buildings in the sample have elevators. One is the newest property in the group; it consists solely of two-bedroom units with one bath. Because this three-story building has an elevator, it can serve many tenants with disabilities. The other elevator building, which was renovated using LIHTCs, has four stories and offers studio and one- and two-bedroom units.

Exhibit VII-1.
Subsidy Characteristics of Sampled Properties

	County	Total Units	Primary Subsidy Type(s)	Units w/Subsidy or LIHTC	Secondary Subsidy Type	Number of Units	Number of Voucher Holders	Presence of Moderate-Income and/or Market-Rate Units
1	Anne Arundel	22	LIHTC	22	None	—	6	None
2	Anne Arundel	258	LIHTC	102	None	—	Est. 10–15	Yes (156)
3	Anne Arundel	48	LIHTC	48	Sec. 811	8	10	None
4	Baltimore	140	LIHTC	95	None	—	5%–10%	Yes (45)
5	Baltimore	284	Proj.-based Section 8	277	LIHTC (rehab)	7	Est. 5	None
6	Carroll	24	RD Section 515	24	None	—	12	Yes (12 RD)
7	Carroll	32	RD Section 515	32	LIHTC (rehab)	32	6	None
8	Carroll	26	Proj.-based Section 8	26	None	—	0	None
9	Carroll	20	RD Section 515	20	RDA only	17	2	Yes (1 RD)
10	Harford	84	LIHTC	62	Sec. 811	13	15	Yes (9)
11	Howard	196	LIHTC	49	Howard Co. Mod.	51	6	Yes (96)
12	Howard	300	Proj.-based Section 8	200	None	—	0	Yes (100)
13	Howard	108	Proj.-based Section 8	98	LIHTC (rehab)	9	2	None

Source: AREA, Inc. interviews and data collection forms.

Occupancy Rates

All 13 properties were reported to be at least 95 percent occupied; eight were full at the time of our visit or phone interview.

In general, managers report low turnover rates. Larger units (especially those with three bedrooms) tend to have the longest wait times. In LIHTC buildings, wait times are shortest for units affordable to households with incomes up to 60 percent of AMI and longer for those with rents set at levels affordable to households with incomes at 30 percent of AMI. Based on AREA's experience with LIHTC properties in other communities, very strong demand for units affordable to tenants with incomes at 30 percent of AMI is typical of properties where LIHTCs are the primary method of creating below-market rents.

IMPRESSIONS FROM INTERVIEWS WITH PROPERTY MANAGERS AND LEASING AGENTS

AREA's interviews with property staff, supplemented with property-specific data available through "A Picture of Subsidized Households" and the USDA/RD Section 515 database, were helpful in identifying the socioeconomic characteristics of residents.[26] However, interviewees were not able to provide any statistics regarding the demographic characteristics of wait list households during the in-person or telephone interviews. (Property staff answered questions about numbers of wait list households and the typical duration of waits, but responded that they had not compiled statistics on household sizes, composition, incomes, or race/ethnicity for those on the wait lists.)

Presented below are comments received from property managers and/or leasing agents:

- Occupants in the sampled properties show a mix of household types. Although families with children predominate, households in affordable family housing also include single persons (including many with disabilities), low-wage couples with no children under age 18, and seniors.

- Few tenant households have three or more children. AREA notes that this probably reflects the small proportion of units with three or more bedrooms in the sampled properties.

- Areas with good schools draw families with children. This sentiment was expressed by managers of properties in Anne Arundel and Howard counties.

[26] For a description of the USDA/RD data, see: https://www.sc.egov.usda.gov/data/MFH_section_515.html.

- Tenant households whose incomes rise above the maximum at 50 percent or 60 percent of AMI may be willing to pay the property's contract rent (or market rent in the case of an LIHTC property, or the base rent in an RD building) rather than move out. This is somewhat common for elderly tenants who have lived at a property for a long time and do not want to move.

  LIHTC buildings (where most units have rents set to be affordable for households with incomes at 50 percent or 60 percent of AMI) will accept Housing Choice Vouchers, allowing households with extremely low incomes to live there. However, management may have a cap on the number of voucher households they will accept. In AREA's experience, caps on the number of voucher tenants are often seen at market-rate properties as well.

- Managers indicate that affordable properties where tenants pay 30 percent of income for rent and utilities experience very little annual turnover. Vacancy rates are low, wait lists are long, and prospective tenants can wait years to reach the top of the wait list. HUD's "A Picture of Subsidized Housing" does not provide statistics on average wait times, but it does show that current tenants remain in these properties once they move in; it notes that the average length of residence ranged from 97 to 204 months at the four properties with project-based Section 8 subsidies visited by AREA.

Characteristics of Current Tenants

Completed forms were received from only four properties, despite reminder e-mails and phone calls from AREA. Two of the responding properties have affordable units financed through the LIHTC program, whereas two others are RD apartments. None of the four project-based Section 8 properties returned their questionnaires. For the properties that did not complete the questionnaires, information from in-person interviews with property staff was supplemented with data from the 2015 "A Picture of Subsidized Households," the 2015 HUD LIHTC Data Collection Form (HUD-52697), and the USDA/RD's project database.

Demographic Characteristics and Household Income

LIHTC properties

At one property (Property 11 in Howard County) with a total of 196 units, 25 percent of the units (49) are covered by LIHTCs; all were occupied at the time of our survey. These 49 units serve households with incomes below 50 percent of AMI. As we learned during our field visit, all of the units have one or two bedrooms.

Responses to AREA's survey form provided characteristics of the LIHTC units tenant households at **Property 11**:

- There are no large families with five or more persons at this property, and only three units have four residents. Seventy-eight percent of the LIHTC apartments have two bedrooms.

- Over half the LIHTC units at this property (25) house no children under age 18, and 37 percent of the units have just one child. Only six units have two or more children. Only one LIHTC apartment had three or more children.

- Single-parent households (21) account for 43 percent of all LIHTC tenants and 87 percent of the households with children.

- Only two LIHTC households have a member who is a person with a disability.

- Two-thirds (33) of the LIHTC householders are White, whereas 22 percent are African American. Persons of other races account for 10 percent of the total. Most of the LIHTC householders (47 of 49) were Hispanic.

- Six LIHTC units out of 49 (12 percent) are occupied by seniors (age 65 and older).

- In total, there are 84 residents in the LIHTC apartments, for an average of only 1.7 persons per household. This is not surprising, given that there are no units with three or more bedrooms.

- Average household income in the LIHTC units is $31,987, which is roughly twice the income of Thompson households.

This property also has 51 units affordable to moderate-income households earning up to 85 percent of AMI under Howard County's inclusionary zoning program (described in Section IX). Of these 51 units, 48 were occupied.

- 45 of the moderate-income units (94 percent) have two bedrooms; the others have one bedroom.

- The average household size in the moderate-income units (2.3) was higher than in the LIHTC units (1.7).

- Only two moderate-income units were occupied by householders aged 65 and older.

- Average income in the moderate-income units is $48,450, well above that of the LIHTC households.

- Only one moderate-income household had three or more children, while 29 (60 percent) had no children. As is the case for the LIHTC units, small household sizes and relatively few children are not unusual in a property that offers only one- and two-bedroom units.

- Thirty-seven percent of householders in moderate-income units are African American; only 12 are White (26 percent) and 17 are "other." In contrast, African Americans comprise only 22 percent of LIHTC householders.

- Hispanic householders are a much lower share of the occupied moderate-income units than in the LIHTC apartments.

The other 96 units at Property 11 are market rate, with a 95 percent occupancy rate.

Five units at this property are occupied by HCV holders; two voucher holder households reside in market-rate apartments, and three live in moderate-income units. Income information for voucher holders was not provided.

A smaller LIHTC property (**Property 3** in Anne Arundel County) has 48 units. It has no market-rate or moderate-income units. This property also answered AREA's survey but was too new to have been included in the HUD 2015 database. Insights into the property's unit mix and tenants come from an interview with the manager and the completed AREA survey from.

- All the apartments have two bedrooms.

- With 100 total residents, the average household size is 2.1 persons.

- Single-parent households with children account for 81 percent of all tenants.

- Four households have residents with disabilities.

- 92 percent of householders are African American (44); only one householder is Hispanic.

- The manager indicates that average household income is about $30,000.

- Eight families (17 percent) have incomes below 30 percent of AMI; another 10 (21 percent) earn between 30 percent and 50 percent of AMI. The remaining 30 units serve households with incomes between 50 percent and 60 percent of AMI.

Only the two LIHTC properties described above returned detailed responses to the AREA survey. However, tabulations from the HUD-52697 form covered two additional LIHTC properties.

Tenant information was provided for 18 of 22 units at **Property 1**, located in Anne Arundel County.

- All of the units at this property have three bedrooms, and household sizes are larger than seen in the other 12 affordable properties sampled by AREA. The 18 units had 62 total residents (3.4 persons per household).

- Fifty-four residents are African American (87 percent); 8 (13 percent) are White. No other racial groups were indicated.

- No residents are Hispanic.

- Three residents were disabled, including one household head.

- Average household income was $34,470.

- Fifteen of the 18 households had children, which is not surprising given that all of the units have three bedrooms.

- The data file did not have information on the gender of residents; therefore, it was not possible to determine the percentage of households headed by females or female parents. However, only 6 of the 18 households had more than one adult in the family.

Property 4 is a renovated mixed-income building in Baltimore County constructed in the 1980s. It has 140 elevator apartments, 95 of which are covered by LIHTCs (targeted to households earning less than 50 percent and 60 percent of AMI); the other 45 units are market rate. There are no three-bedroom units.

Household demographic and income data for Property 4 comes solely from the HUD-52697 file; it provides information on 91 of the 95 LIHTC units.[27]

- A total of 105 persons live in the 91 LIHTC units, or 1.2 persons per unit.

- Only five residents are children, which is unusual for a family property.

- Most householders live alone. Only nine units had more than one adult resident.

- Sixty-eight of 91 householders were born prior to 1950. Another five adults in the building also reported birthdates prior to 1950.

[27] HUD does not collect information on the characteristics of occupants in market-rate units in mixed-income LIHTC buildings.

- The lack of children, the small number of two-adult households, and the age of the householders suggest that this building, while open to all ages, is what is commonly termed to be a “naturally occurring retirement community.”

- Fourteen household heads (15 percent) and three other adults are disabled, which is not surprising given the large number of elderly residents.

- Average household income was $25,951, lower than seen in the other LIHTC properties but to be expected given the high share of elderly residents.

The manager of **Property 10**, an 84-unit LIHTC property in Harford County, was interviewed in person and again via telephone. She indicated that householders range in age from 25 to 65 and older. The property offers only two- and three-bedroom units, and its households range in size from two to seven persons. Tenants represent a mix of races and ethnicities. The property has 13 Section 811 units, resulting in 15 percent of units housing at least one person with a disability. This LIHTC property has 15 households with county HCVs; the manager was not aware of any Thompson voucher holders.

Three other properties in the sample (5, 7, and 13) used LIHTCs to renovate their buildings. In all three cases, the vast majority of units have project-based Section 8 or RD subsidies. Their demographic characteristics are discussed below.

Project-based Section 8 properties

None of the four surveyed Section 8 properties returned completed questionnaires. To provide information on the socioeconomic characteristics of households residing in the Section 8 properties, AREA used demographic and income information from HUD’s “A Picture of Subsidized Households” database for 2015. This information dates from the end of 2015 and includes any information received during the previous 18 months. Therefore, it is not as current as data received from property managers who responded to AREA’s detailed survey, but it provides useful information on tenant household demographics, as shown in Exhibits VII-2 and VII-3.

Exhibit VII-2.
Demographic Characteristics:
Households Residing in Four Section 8 Family Properties

Property Number	County	Average Persons per Unit	Percent w/Minority Household Head	Percent w/Black Non-Hispanic Household Head	Percent w/Household Head or Spouse over 62	Percent Female Head of Household	Percent Female Household Heads w/Children
5	Baltimore	2.2	69	67	15	85	56
8	Carroll	2.0	76	76	48	72	28
12	Howard	2.7	92	76	21	72	45
13	Howard	2.6	88	84	14	85	57

Source: HUD, "Picture of Subsidized Households," 2015.

The four Section 8 properties show considerable variation in household size and composition, and the differences cannot be explained by the mix of unit sizes alone.

- Although all four Section 8 properties visited by AREA are targeted to family occupancy, seniors are permitted to live at all of them (as is true of family Section 8 properties generally). The share of householders aged 62 and older in the four sampled Section 8 properties ranges from 14 percent to 48 percent; based on AREA's experience with affordable housing, the latter is unusually high for a general occupancy property. To some extent, the high percentage of seniors can be explained by the fact that the average tenant in 2015 had lived at Property 8 for 17 years. At the other three Section 8 properties, the average length of residence ranges from 8 to 11 years.

- Property managers state that households whose family composition changes over time are not required to move out if their incomes remain below the permitted maximum adjusted for household size, but they can be encouraged to move to a smaller unit. The "A Picture of Subsidized Households" database indicates that 64 percent of households at Property 8 are overhoused (they live in units with more bedrooms than people); at the other three properties with project-based Section 8 subsidies, only 11 percent to 15 percent are overhoused.

- Only 4 percent to 12 percent of households in the buildings with project-based Section 8 subsidies have family members with disabilities.

- A clear majority of households in the four Section 8 properties are headed by African Americans.

- The share of households headed by females ranges from 72 percent to 85 percent.

- The lowest share of total households headed by a female with children is 28 percent. This is due to the high percentage of seniors at Property 8. At two other properties, over half of all tenants are female-headed households with children; at a third property, the share is 45 percent.

Exhibit VII-3.
Income Characteristics: Households Residing in Section 8 Properties

Property Number	County	Average Household Income ($)	Percent of Households w/Income with less than 50% AMI	Percent of Households w/Income less than 30% AMI
5	Baltimore	15,177	96	73
8	Carroll	12,099	100	92
12	Howard	16,365	98	75
13	Howard	19,079	91	66

Source: HUD, "Picture of Subsidized Households," 2015.

At all four properties, average household incomes are extremely low, and the bulk of residents have incomes below 30 percent of AMI. Although the data are not directly comparable, the information suggests that incomes of residents of LIHTC buildings are significantly higher than those at Section 8 buildings. At LIHTC properties generally, most units are targeted to households with incomes at or below 50 percent or 60 percent of AMI. Residents pay fixed rents. At project-based Section 8 buildings, tenants pay 30 percent of income for rent and utilities

RD properties
All three RD properties in the sample are in Carroll County. Two are in locations suburban in character; the third is at the far northern end of the county, in a small town near the Pennsylvania border. Completed AREA survey forms were received from two of the three RD properties (Property 6 and Property 9), which is the source of the socioeconomic information presented below.

RD **Property 6** has 24 two-bedroom units and is fully occupied. Management reports that half of the tenants have HCVs.

- There are 46 residents in total, for an average of 1.9 persons per household.
- Only nine households have minor children.
- Three households are headed by single parents.
- Average household income is reported by the manager at $19,812, and all but one household earns less than 50 percent of AMI.
- The clear majority of household heads (20 of 24, or 83 percent) are White; the other four are African American. There are no Hispanic householders.

The manager at **Property 9** indicated that 19 of 20 units are occupied, including two households with HCVs. There is one “market-rate” unit (where rents are set at the RD base rate). Of the 19 units, 10 have two bedrooms and nine have three bedrooms. Socioeconomic information for Property 9 comes from the AREA survey and the RD Section 515 database.

- There are 52 total residents, or an average of 2.7 persons per occupied unit.
- Two households at this property are single persons.
- Five (26 percent) have no children; eight families have one or two children, and six have three or more children.
- Eleven of the 14 households with children are headed by a single parent.
- The manager reports the average household income of those with RD subsidies at $18,227, with $21,194 for the two households with HCVs.[28]
- Of 52 total residents, 33 are non-Hispanic African American, four are non-Hispanic White, and 15 are Hispanic.

Data collected from property managers were supplemented with information on all three RD properties from the USDA’s Section 515 Active Property Database.[29] All data in Exhibits VII-4 and VII-5 derive from the RD database. The database is updated semi-annually, but its indicators are different from those collected in HUD’s “A Picture of Subsidized Households” and not as current as the information provided in the responses to the AREA survey.

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[28] Resulting in a weighted average household income of $18,584. The manager’s information is more recent than that shown in Exhibit VII-5, which comes from the USDA Rural Development Database.

[29] U.S. Department of Agriculture, Rural Development Database website. https://www.sc.egov.usda.gov/data/MFH_section_515.html.

As seen in Exhibits VII-4 and VII-5, the USDA's RD database collects demographic data such as race and age of residents for individuals, whereas HUD data for Section 8 properties are collected based on the characteristics of household heads and/or spouses. Therefore, some of the indicators in Exhibit VII-4 are calculated as a percentage of residents rather than a percentage of households. Although the RD database provides information on the number of female heads of households, it does not permit calculation of the share of total households occupied by female household heads with children.

Exhibit VII-4.
Demographic Characteristics:
Households Residing in Three RD Family Properties

Property Number	County	Average Persons per Unit	Percent of Residents African American	Percent Female Head of Household	Percent of Residents over Age 62	Percent of Residents Disabled
6	Carroll	2.0	11	71	13	30
7	Carroll	2.3	31	91	10	29
9	Carroll	2.6	77	75	15	6

Source: USDA Rural Housing Service, "Section 515 Rural Rental Housing Program Database," 2016

The three RD properties have a low share of senior residents; the percentage of total householders that are aged 62 and older is not indicated in the dataset. The percentage of female-headed households is similar to that seen with the Section 8 properties. As shown in Exhibit VII-5, average household income is slightly higher in the RD properties than in the four Section 8 developments.

Exhibit VII-5.
Income Characteristics of Households Residing in Three RD Family Properties, Carroll County

Property Number	County	Average Household Income ($)
6	Carroll	21,772
7	Carroll	18,548
9	Carroll	16,859

Source: USDA Rural Housing Service, "Section 515 Rural Rental Housing Program Database," 2016.

NEIGHBORHOOD DEMOGRAPHIC AND INCOME CHARACTERISTICS

AREA compared demographic indicators for the 13 sampled properties to all households living in the Census tracts in which they are located, using information from the Census Bureau's American Community Survey 2011–2015. We also examined whether there were other subsidized housing developments in the same tract using data from "A Picture of Subsidized Households."

As discussed previously, "A Picture of Subsidized Households" does not include any information on households living in LIHTC or RD properties unless they hold a HUD Housing Choice Voucher. Data are provided only for households residing in public housing or in buildings with project-based Section 8 or 811 units, Section 202 PRAC, Section 236 BMIR, Moderate Rehab, and Rent Supplement properties, or holding HCVs that are not project based. None of the census tracts in which the sampled properties are located had a significant number of public housing residents. Except for Anne Arundel County, the City of Annapolis, and the City of Havre de Grace in Harford County, jurisdictions in the five-county study area do not own any public housing buildings; their housing authorities administer only HCV programs.

As Exhibit VII-6 shows, the 13 sampled properties account for only a small share of the total number of households residing in their respective census tracts, although in most tracts they are the bulk of affordable units, regardless of subsidy type. In some of the tracts, the number of total HCV holders exceeds their number in the sampled property, indicating that there are other subsidized households in the area.

Exhibit VII-6.
Household Counts:
Sampled Affordable Family Properties and All Tract Households

Property Number	Total Number of Households in Tract	Percent Renter, All Tract Households	Total Number of Subsidized Households in Tract[1]	Number of HCV Holders in Tract	Total Number of Subsidized or LIHTC Households in Sampled Property	Total Number of Households with HCVs in Sampled Property[2]
1	2,188	36.2	132	131	22	6
2	3,954	46.9	145	145	48	10
3	2,689	29.3	19	18	102	10–15[3]
4	2,328	54.9	36	36	95	7–14[3]
5	1,379	57.7	244	22	277	5[3]
6	1,993	18.9	63	63	24	12
7	1,076	5.0	16	8	32	6
8	2,220	31.5	51	26	26	0
9	1,155	17.3	25	25	20	1
10	1,516	15.6	20	20	62	15
11	3,138	25.0	42	35	49	6
12	3,508	51.2	310	152	200	0
13	2,921	37.1	231	121	98	2

Notes:
[1] Source does not include households residing in LIHTC properties unless they hold an HCV. Also does not include units in RD developments that receive RD Section 521 subsidies.
[2] Does not include HUD Section 811 vouchers for households with disabilities.
[3] Estimated based on conversations with property staff.

Sources: Census Bureau, American Community Survey, 2011–2015, Tables S2502, S1101; HUD, "Picture of Subsidized Households, 2015"; USDA/RD "Section 515 Rural Rental Housing Database, 2016"; interviews and data forms completed by property staff.

Exhibit VII-7.
Income Characteristics:
Households Residing in Sampled Affordable Family Properties vs. All Tract Households

Property Number	Average Household Income ($), Sampled Properties	Average Household Income ($), All Census Tract Households
1	N/A	96,199
2	N/A	105,771
3	30,000[1]	106,679
4	30,328	64,709
5	15,177	81,550
6	21,772	79,103
7	18,548	170,509
8	12,099	103,847
9	16,859	89,606
10	N/A	90,631
11	31,987[2]	102,764
12	16,365	95,135
13	19,079	88,499

NA = information not available
[1] Manager's estimate.
[2] LIHTC households only.

Sources: Census Bureau, American Community Survey, 2011–2015, Table S1101; “Picture of Subsidized Households, 2015”; USDA/RD “Section 515 Rural Rental Housing Database, 2016”; data forms completed by property staff.

Average household income in the sampled properties is dramatically lower than in their surrounding census tracts. For the 11 properties for which AREA could obtain income data from HUD and RD databases or property management, none had an average household income higher than $35,000, as shown in Exhibit VII-7.[30] In contrast, average income for their census tracts ranged from a low of $64,709 to a high of $170,509. Although median income would be a better indicator (because the presence of a few

[30] The two LIHTC properties for which information was available from the HUD 52697 forms provided income information for individual residents based on their household income; AREA calculated average household income for all households residing at the property.

high-earner households can dramatically raise average income), HUD's "A Picture of Subsidized Households" and RD databases provide only average income statistics.

CHARACTERISTICS OF WAIT LIST HOUSEHOLDS

Application Forms

Applications for affordable apartments collect a variety of information on prospective tenant household demographics, focusing on the number of household members, their ages, and relationship to the household head. Full-time college students are typically not eligible as householders in affordable housing, so student status information is also gathered. Current employer information, job titles, and length of employment are also important, especially for LIHTC buildings where tenants must demonstrate that they can continue to pay fixed rents. Because of income-eligibility restrictions in affordable buildings, applications are especially detailed with respect to specific sources of income. Exhibit VII-8 lists information typically requested on applications for affordable units reviewed by AREA.

As discussed earlier, initial application forms typically do not require prospective residents to provide information on race or ethnicity. (Some management companies ask for this information, but applicants are told that answering is voluntary.) For many affordable housing programs, race and ethnicity information is collected by HUD or state housing finance agencies once an applicant becomes a tenant but not before that time.

WAIT LIST HOUSEHOLDS VERSUS CURRENT RESIDENTS

As discussed earlier in this section, tabulating and analyzing information on socioeconomic characteristics of households on affordable property wait lists is a difficult challenge. Application forms are inconsistent in format and content. Also, management companies do not always enter all the applicant information into their computerized databases. More importantly, affordable housing properties are not required to report detailed information on wait list families to any single source at HUD, the USDA/RD, or in Maryland, to the State of Maryland (for LIHTC buildings). There are no databases such as "A Picture of Subsidized Households" or the USDA's Rural Rental Housing Database for wait list households.

Exhibit VII-8.
Information Requested in Affordable Housing Application Forms

Current tenure

Number of bedrooms, current

Number of bedrooms needed

Current rent and tenant-paid utilities

For each household member
- Year of birth/age
- Student status
- Employment status and duration
- Employer information
- Monthly gross income by source*

Recent or anticipated changes in household composition

Assets**

Using a Housing Choice Voucher

Need for a handicapped-accessible unit

Prior felony convictions

Prior drug convictions

Prior bankruptcies

References: current and prior landlord

Other credit references

Personal references

Vehicle information

Pet information

Prior residence in another property managed by the same company

***** Income from employment, Social Security, SSI, pension, veteran's benefits, unemployment compensation, public assistance, financial aid for students, annuities, investment income, alimony, child support, outside assistance from persons or entities not part of the household, and any anticipated changes in income.

****** Bank accounts, CDs, bonds, life insurance, stocks, investment property (its value and associated expenses), recent property sales, and recent disposition of other assets.

Source: AREA review of property applications.

Questions asked about wait lists during field and telephone interviews yielded information on the number of names on wait lists and/or the likely wait time for an available unit.

- The shortest reported wait time for an apartment was four months, at a property that had been recently sold. Management indicated that the property needed renovation and that the new owner planned to apply for LIHTCs.

- A 22-unit property (the only one with single-family detached rental homes) indicated that only four units had turned over in the four years since it opened, and its wait list had 250 names.

- A mixed-income property where 25 percent of all units have LIHTCs stated that it closes the wait list when it reaches 15 names for a particular unit size.

- The manager of one Section 8 building said its wait list had been closed for more than three years.

- A property with 200 Section 8 units reported that it had 182 names on its wait list.

- Property-specific issues can result in short wait lists even for properties that are at or near full occupancy. As indicated above, one manager mentioned a recent change in ownership of the property and the need for renovations as factors that deterred potential tenants from applying for units.

- A new LIHTC property indicated that its wait list had 20 to 25 names at the time of our field interview, with an expected wait time of one to two years.

When asked about the characteristics of wait list households and how they compare to current families, many interviewees said that both groups were similar. However, at several older Section 8 and RD properties, management indicated that wait list households were younger than current residents, which would be expected given that many current residents have lived at the subject properties for many years and aged in place.

Four properties answered written questions about the status of their wait lists, as shown in Exhibit VII-9.

Exhibit VII-9.
Wait List Status

Property Number	County	Number of Affordable Units	Number of Households on Wait List	Length of Time on Wait List			
				Less than Six Months	6–11 Months	1–2 Years	3 years or More
3	Anne Arundel	48	85	75%	25%	—	—
6	Carroll	24	21	—	100%	—	—
9	Carroll	20	18	11%	6%	39%	17%
11	Howard	49	24	—	38%	62%	—

Source: AREA interviews with property staff; survey form responses.

Property 3 (in Anne Arundel County) was less than one year old at the time of AREA's field visit, so it is not surprising that most households had been on the wait list for less than six months. The property leased very quickly. The manager indicated that she expects that the wait for a vacant unit will be at least one year. At Property 6 (in Carroll County), the wait is typically six months (all the units are the same size and type). At Property 11, in Howard County, where the affordable LIHTC units have fixed rents targeted to households with incomes at 50 percent of AMI or less, the wait is 2.5 years; this property also has moderate-income units, for which there is no wait.

Three properties provided written information on the socioeconomic characteristics of households on their wait lists, but this small sample is insufficient to draw valid conclusions regarding how households on the wait list are similar to or different from families already living in the sampled properties. Data are presented in Exhibit VII-10.

Exhibit VII-10.
Characteristics of Households on Affordable Property Wait Lists

Property Number/County	Wait List Households w/1 Person	Wait List Households w/2 Persons	Wait List Households w/3-4 Persons	Wait List Households w/5+ Persons	Average Household Income ($), Wait List
3 Anne Arundel		Information not provided			
6 Carroll	10%	57%	33%	—	16,866
9 Carroll	6%	33%	61%	—	12,000
11 Howard	25%	46%	25%	4%	27,798

Property Number/County	Wait List Households w/ No Children	Wait List Households w/1 Child	Wait List Households w/2 Children	Wait List Households w/3+ Children	Single Parents w/Children
3 Anne Arundel		Information not provided			
6 Carroll	24%	43%	33%	—	67%
9 Carroll	11%	17%	33%	39%	77%
11 Howard	25%	42%	25%	8%	54%

Property Number/County	African-American Householders on Wait List	White Householders on Wait List	Other Races or Multiracial Householders on Wait List	Hispanic Householders on Wait List
3 Anne Arundel		Information not provided		
6 Carroll	14%	76%	10%	—
9 Carroll		Information not provided		
11 Howard	50%	29%	21%	—

Source: Property staff responses to AREA surveys.

CONCLUSIONS AND IMPLICATIONS

A sample of only 13 properties is too small to determine with certainty the presence of any patterns in demographic and income characteristics of affordable housing properties in the Baltimore suburbs. Also, AREA's efforts to obtain detailed data from all of the properties in this limited sample were unsuccessful despite repeated reminders. Although we could supplement data obtained from interviews and questionnaires with information from the HUD and RD databases, information on tenant and wait list household characteristics were especially sparse for LIHTC properties. Given the limited data that property owners and managers collect and retain on wait list households, it is not clear that a more detailed examination of wait list participants based on a substantially larger sample size would produce more definitive information.[31] Despite these limitations, the available data suggest the following for assisted/insured properties located in opportunity areas:

- The small sample of 13 affordable properties in suburban Baltimore counties highlighted a variety of affordable housing types for family households, ranging from small developments with less than 50 units to large mixed-income developments with multiple buildings. As noted earlier, the sample is illustrative of the housing stock characteristics but not necessarily representative. A larger sample and more detailed analysis were beyond the scope of this assignment.

- Affordable properties in the sample range in age from project-based Section 8 buildings constructed in the late 1960s and early 1970s to new LIHTC buildings opened in 2016. In many cases, LIHTCs have been used as a source of funding for renovations in older Section 8 and RD properties. The combination of multiple subsidies with their varying eligibility guidelines can result in different maximum permitted incomes.

- These affordable properties were well occupied. However, the size of wait lists and the length of time a family must wait for an available unit can vary considerably. Waits are longest at properties where rents are kept low due to deep financial subsidies (HUD Section 236 or USDA RD Section 521 properties, where mortgages carry a very low 1 percent interest rate) and/or where residents pay 30 percent of income for rent and utilities. Waits are shortest at LIHTC properties where units have fixed rents that are set to be affordable for households with incomes at 60 percent of AMI.

- Mixed-income LIHTC properties have relatively few units that would be affordable to a household earning only 30 percent of AMI or less. LIHTC and RD properties accept HCVs, which enable extremely low-income households to live there. HCV

[31] Staff at affordable properties are most concerned with maintaining current address and telephone information for applicants on their wait list so that they can be reached when wait lists are updated or vacancies occur. Income, employment status, and household demographics change over time because households can remain on a wait list for months and even years. These details are typically not entered in computerized databases.

holders may be housed in a 60 percent of AMI unit or in a market-rate unit, depending on availability.

- According to data on the four sampled properties with project-based Section 8 subsidies, obtained from “A Picture of Subsidized Households,” most household heads in these properties are African American. However, African-American household heads account for the majority of all households in only one of the four census tracts in which the sampled properties are located. With respect to the three RD properties, there are no data on the race of household heads (because the RD database is focused primarily on individual resident characteristics, not household heads). In one of the three RD properties, a majority of residents are African American. Hispanics reside in significant numbers at only one of the RD properties.

- Average household incomes for residents of affordable buildings are much lower than those of their surrounding census tracts. This is not surprising, given that the sampled buildings were located in communities of opportunity. Aside from these buildings, there are few affordable housing options in their census tracts.

- All the Section 8 and RD family properties have empty nesters and/or seniors residing in them. For most of these properties, households headed by a person aged 62 (or 65) or older account for less than one in four tenants. Many are long-time residents who are still income qualified but no longer have children living with them.

  Tabulations in HUD’s “A Picture of Subsidized Households” database suggest that some of their households are “overhoused,” and while comparable data are not provided in the RD database, this is probably also the case in older RD Section 515 properties. Relocating seniors to age-restricted affordable properties could pose a hardship, and the wait for an available unit in a senior building could be long. Yet this would free up units for very-low-income families with children. Townhouse-style units with two or three bedrooms are especially attractive for young child-oriented families with children.

  As for the LIHTC properties, householders aged 65 or older were a very small share of the total in three properties that were developed in the last five years. At a mixed-income property completed in 1992, six of 49 LIHTC householders (12 percent) were seniors. Far more unusual was a renovated mixed-income LIHTC building with elevators that dates from the 1980s, where the vast majority of householders and other adults were now aged 65 or older.

SECTION VIII.
BARRIERS TO MOBILITY FOR HOUSING CHOICE VOUCHER HOLDERS

The Thompson Consent Decree required an identification of impediments for Baltimore voucher holders in accessing housing units in high opportunity areas, especially those outside of Baltimore City. The impediments to mobility are grounded in the larger issue of impediments to fair housing. In 2011, Mullin & Lonergan Associates prepared individual assessments of the impediments to fair housing (AIs) for Anne Arundel, Baltimore, Harford, and Howard counties and Baltimore City, but not for Carroll County or the City of Annapolis.[32] Mullin & Lonergan then consolidated the results of the individual county assessments into an "Analysis of Impediments to Fair Housing Choice" for the Baltimore region in 2012.

This section includes an update to much of the information presented in the 2011–2012 AIs and adds similar information for Carroll County and the City of Annapolis, specifically in detailed demographic and economic profiles.

The demographic and economic profiles included in this section provide a larger background for the following subsections, which assess the particular mobility impediments for Baltimore voucher holders and all low-income households:

- Summary of fair housing interviews
- Housing market profile
- Distribution of affordable housing in the metropolitan area
- Distribution of Housing Choice Vouchers
- Regional considerations
- Impediments to mobility
- Approaches to addressing limitations to mobility

Mobility is closely related to fair housing policies. Housing discrimination on any basis limits mobility and choice within a regional market. This is particularly true for low-income households who already have mobility limitations dictated by housing costs. If there is other discrimination within the market, whether based on race, religion, disability, or some other factor, the impacts on personal mobility will be magnified for low-income populations with those characteristics.

[32] Carroll County is part of the Baltimore region as defined by the *Thompson v. HUD* Final Settlement Agreement. The City of Annapolis prepared a separate AI, which was submitted to HUD in May 2015.

Regional Overview

Throughout this report references to the “Baltimore region” include Baltimore City and Anne Arundel, Baltimore, Carroll, Harford, and Howard counties. The reference does not include Queen Anne’s County on the Eastern Shore, which is included in the census definition of the Baltimore-Towson Metropolitan Statistical area but was not included in this study.

In addition to dense urban areas, the Baltimore region contains large areas that are rural and semi-rural. Portions of the rural areas are beyond urban development boundaries mandated by the state of Maryland. Sewer and water cannot be extended to these areas, and future development will be extremely limited. Rural areas are generally in the southern portion of Anne Arundel County, northern portions of Baltimore County, western and northern Harford County, and large portions of Carroll County beyond the limits of the City of Westminster and several small towns. Smaller sections of western Howard County could be considered rural, but most of the county has enough low-density development that it would be more accurately characterized as “semi-rural.” Most future growth within the region will, therefore, be forced into the already urbanized areas. It is unclear how these future development patterns will impact mobility for lower-income households.

The need to build at greater density in order to lower per-unit costs could create opportunities to build affordable housing in underserved areas of the region and increase the overall supply of rental units. On the other hand, increased density could increase competition for land, driving up prices to the point that the development of affordable housing would be inhibited.

Demographic Profile

Population Trends

The 2011–2012 AI studies by Mullin & Lonergan provided data and analysis of population trends from 1990 through 2008, and this report provides updates through 2013. Note that although information is available through 2015, this analysis uses 2013 as the endpoint in order to consistently reference 2013 throughout all sections of the report.

The overall population of the Baltimore Region (defined here as the City of Baltimore and the five counties of Anne Arundel, Baltimore, Carroll, Harford, and Howard)[33] continues to grow at a steady pace, averaging 0.6 percent per year from 2000 to 2010, and 0.3 percent per year from 2010 through 2013. The decrease in the rate of growth in the years 2010 to 2013 is likely due to the weak national economy in those years, as the U.S. economy slowly began its recovery from the financial crisis of 2008 to 2009. The

[33] The City of Annapolis is part of Anne Arundel County and is included in the county totals.

region's rate of growth is slightly slower than the overall average annual growth of the United States of 0.9 percent from 2000 to 2010, and 0.3 percent from 2010 to 2013.

Population growth has not been evenly shared, however, as the City of Baltimore, Carroll County, and the City of Annapolis all had near zero growth from 2010 to 2013. This was actually an improvement for the City of Baltimore from the average annual decrease in population of 0.5 percent per year from 2000 to 2010.

Exhibit VIII-1.
Population Trends in the Baltimore Region, 2000 to 2013

	Population			Average Annual Growth	
	2000	**2010**	**2013**	**2000–10**	**2010–13**
Regional Total	2,512,431	2,662,691	2,685,878	0.6%	0.3%
Anne Arundel County	489,656	537,656	544,426	0.9%	0.4%
Annapolis City	35,838	38,394	38,443	0.7%	0.0%
Anne Arundel County-remainder	453,818	499,262	505,983	1.0%	0.4%
Baltimore City	651,154	620,961	621,445	–0.5%	0.0%
Baltimore County	754,292	805,029	812,261	0.7%	0.3%
Carroll County	150,897	167,134	167,261	1.0%	0.0%
Harford County	218,590	244,826	246,664	1.1%	0.2%
Howard County	247,842	287,085	293,821	1.5%	0.8%
United States	281,421,906	308,745,538	311,536,594	0.9%	0.3%

Sources: U.S. Census Bureau, American Community Survey, 2009-2013, 2000 and 2010 Census Summary Files.

Howard County continues to grow at the fastest pace, averaging over 0.8 percent annual growth from 2010 to 2013, with Anne Arundel County the second fastest at 0.4 percent per year from 2010 to 2013. Baltimore and Harford counties both continue to see steady growth, averaging 0.3 percent and 0.2 percent per year, respectively, from 2010 to 2013.

Population Trends by Race and Ethnicity. As indicated in Exhibit VIII-2, the Baltimore region's population continues to increase in diversity, though Whites still constitute the majority, at 61.7 percent of the population in 2013. The trend from 2010 through 2013 has followed the same trend in place from 2000 to 2010: the White population is stable or slightly declining, the African-American population is growing steadily, and the Hispanic and Asian/Pacific Islander populations are both growing rapidly. African Americans now represent just over 29 percent of the population in the region, and Hispanics and Asian/Pacific Islanders are both just under 5 percent. Non-Whites represent 38.3 percent of the population in 2013 versus 30.3 percent in 1990 and 33 percent in 2000. The fastest growth among racial groups is in the Asian/Pacific Islander group, having increased 87.7 percent from 2000 to 2013, or 5.0 percent per year over that time period. This is much faster than the U.S. national growth trend in the Asian population of 3.1 percent per year from 2000 to 2013. Nonetheless, Asian/Pacific Islanders still only represent 4.9 percent of the regional population in 2013 (similar to the 5.1 percent of the national population).

Although not a racial group, the Hispanic population continues to experience the most rapid growth of any minority group in the region, increasing by 7.4 percent per year from 2000 to 2013, and represented 4.8 percent of the regional population in 2013.

Exhibit VIII-2.
Population Trends by Race and Ethnicity, Baltimore Region, 2000 to 2013

	2000 Number	2000 Percent	2010 Number	2010 Percent	2013 Number	2013 Percent	2000–2013 Change
Regional Total	2,512,431	100.0%	2,662,691	100.0%	2,685,878	100.0%	6.9%
Race							
White Population	1,683,195	67.0%	1,642,039	61.7%	1,656,460	61.7%	-1.6%
Non-White	829,236	33.0%	1,020,652	38.3%	1,029,418	38.3%	24.1%
African American	696,402	27.7%	775,581	29.1%	781,429	29.1%	12.2%
Asian/Pacific	69,659	2.8%	123,897	4.7%	130,740	4.9%	87.7%
All Other Races	63,175	2.5%	121,174	4.6%	117,249	4.4%	85.6%
Ethnicity							
Hispanic	50,885	2.0%	122,302	4.6%	128,802	4.8%	153.1%
Non-Hispanic	2,461,546	98.0%	2,540,389	95.4%	2,557,076	95.2%	3.9%

Sources: U.S. Census Bureau, American Community Survey, 2009–2013, 2000 and 2010 Census Summary Files.

City of Baltimore. In the period from 2000 to 2013, Baltimore City saw a continuation of the long-term trend of Whites leaving the city. African Americans are leaving the city as well, although at a slower pace than Whites. All other racial groups as well as Hispanics in Baltimore City increased in population from 2000 to 2013.

As indicated in Exhibit VIII-3, from 2000 to 2013, the African-American population in Baltimore City decreased by 26,202 (6.3 percent), and the White population decreased by 17,880 (8.7 percent). However, the Asian/Pacific Islander population of Baltimore City grew by 48 percent, and the Hispanic population increased by 142 percent. It appears that the African-American population is steadily migrating to the suburban counties, but a majority (55 percent) of the suburban African-American population is in Baltimore County.

Exhibit VIII-4 indicates the population by race and ethnicity as of 2013 for each for the five counties and two cities studied, and it highlights the stark difference between Baltimore City and suburban county populations of Whites and African Americans. Exhibits VIII-5 through VIII-8 present maps showing the concentrations of the various racial and ethnic groups.

Exhibit VIII-3.
Baltimore City Population Trends by Race and Ethnicity, 2000 to 2013

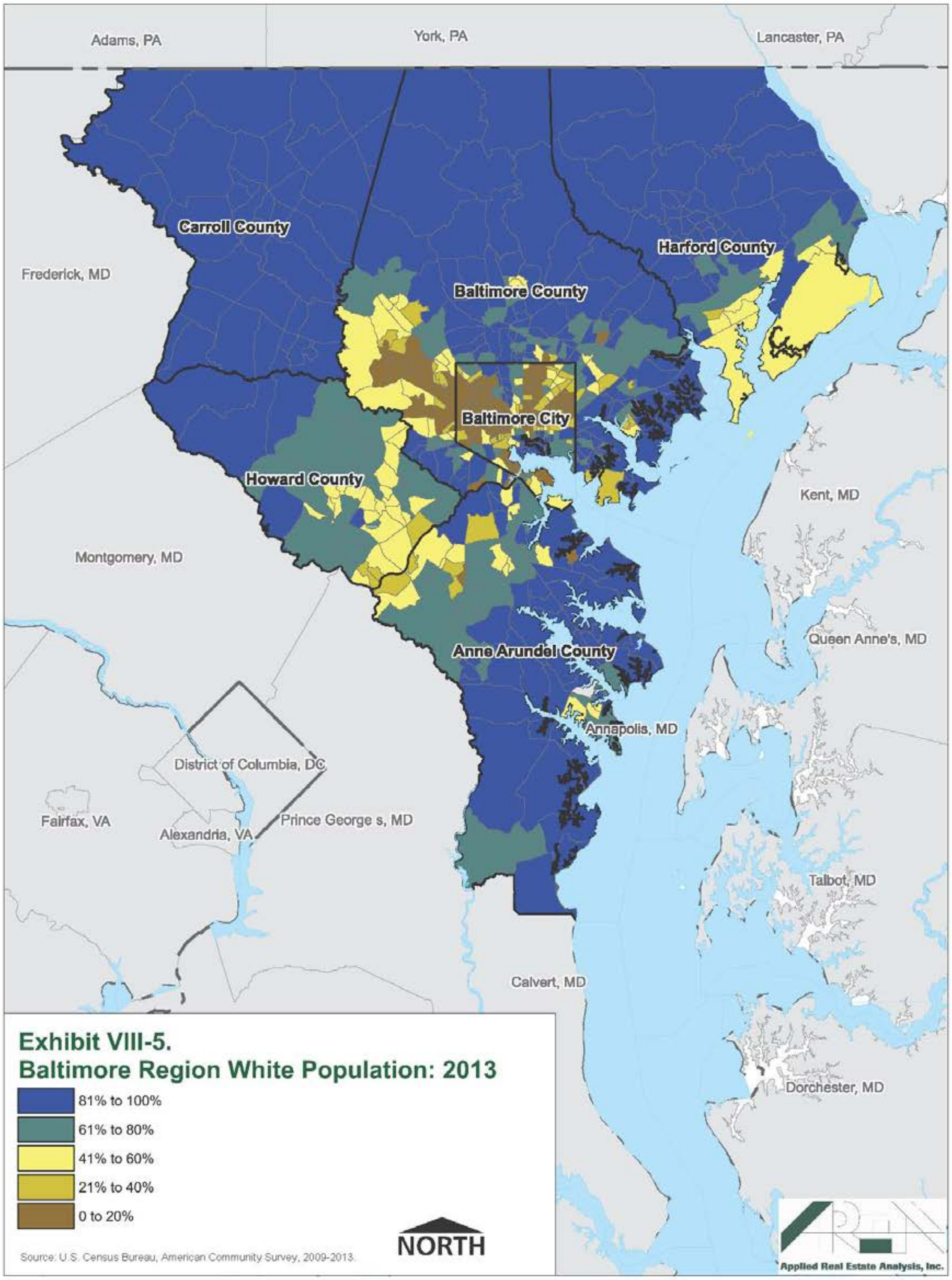
	2000 Number	2000 Percent	2010 Number	2010 Percent	2013 Number	2013 Percent	2000–2013 Percent Change
Baltimore City Total	651,154	100.0%	620,961	100.0%	621,445	100.0%	–4.6%
Race							
White Population	205,982	31.6%	183,830	29.6%	188,102	30.3%	–8.7%
Non-White	445,172	68.4%	437,131	70.4%	433,343	69.7%	–2.7%
African American	418,951	64.3%	395,781	63.7%	392,749	63.2%	–6.3%
Asian/Pacific	10,207	1.6%	14,822	2.4%	15,073	2.4%	47.7%
All Other Races	16,014	2.5%	26,528	4.3%	25,521	4.1%	59.4%
Ethnicity							
Hispanic	11,061	1.7%	25,960	4.2%	26,772	4.3%	142.0%
Non-Hispanic	640,093	98.3%	595,001	95.8%	594,673	95.7%	–7.1%

Sources: U.S. Census Bureau, American Community Survey, 2000–2013, 2000 and 2010 Census Summary Files.

Exhibit VIII-4.
Race and Ethnicity of Individuals in the Baltimore Region, 2013

	White	African American	Asian/Pacific Islander	Hispanic	All Other Races
Anne Arundel County	75.1%	15.5%	3.6%	6.4%	5.8%
Annapolis City	64.8%	22.7%	2.0%	18.0%	10.4%
Anne Arundel County-remainder	75.8%	14.9%	3.8%	5.5%	5.5%
Baltimore City	30.3%	63.2%	2.4%	4.3%	4.1%
Baltimore County	64.5%	26.4%	5.3%	4.4%	3.9%
Carroll County	92.8%	3.3%	1.5%	2.7%	2.4%
Harford County	81.1%	12.8%	2.4%	3.7%	3.6%
Howard County	61.5%	18.0%	15.1%	6.0%	5.4%

Source: U.S. Census Bureau, American Community Survey, 2009–2013.


Adams, PA
York, PA
Lancaster, PA
Carroll County
Harford County
Frederick, MD
Baltimore County
Baltimore City
Howard County
Kent, MD
Montgomery, MD
Queen Anne's, MD
Anne Arundel County
Annapolis, MD
District of Columbia, DC
Fairfax, VA
Alexandria, VA
Prince George s, MD
Talbot, MD
Calvert, MD
Dorchester, MD
Exhibit VIII-5.
Baltimore Region White Population: 2013
81% to 100%
61% to 80%
41% to 60%
21% to 40%
0 to 20%
NORTH
Source: U.S. Census Bureau, American Community Survey, 2009-2013.
Applied Real Estate Analysis, Inc.

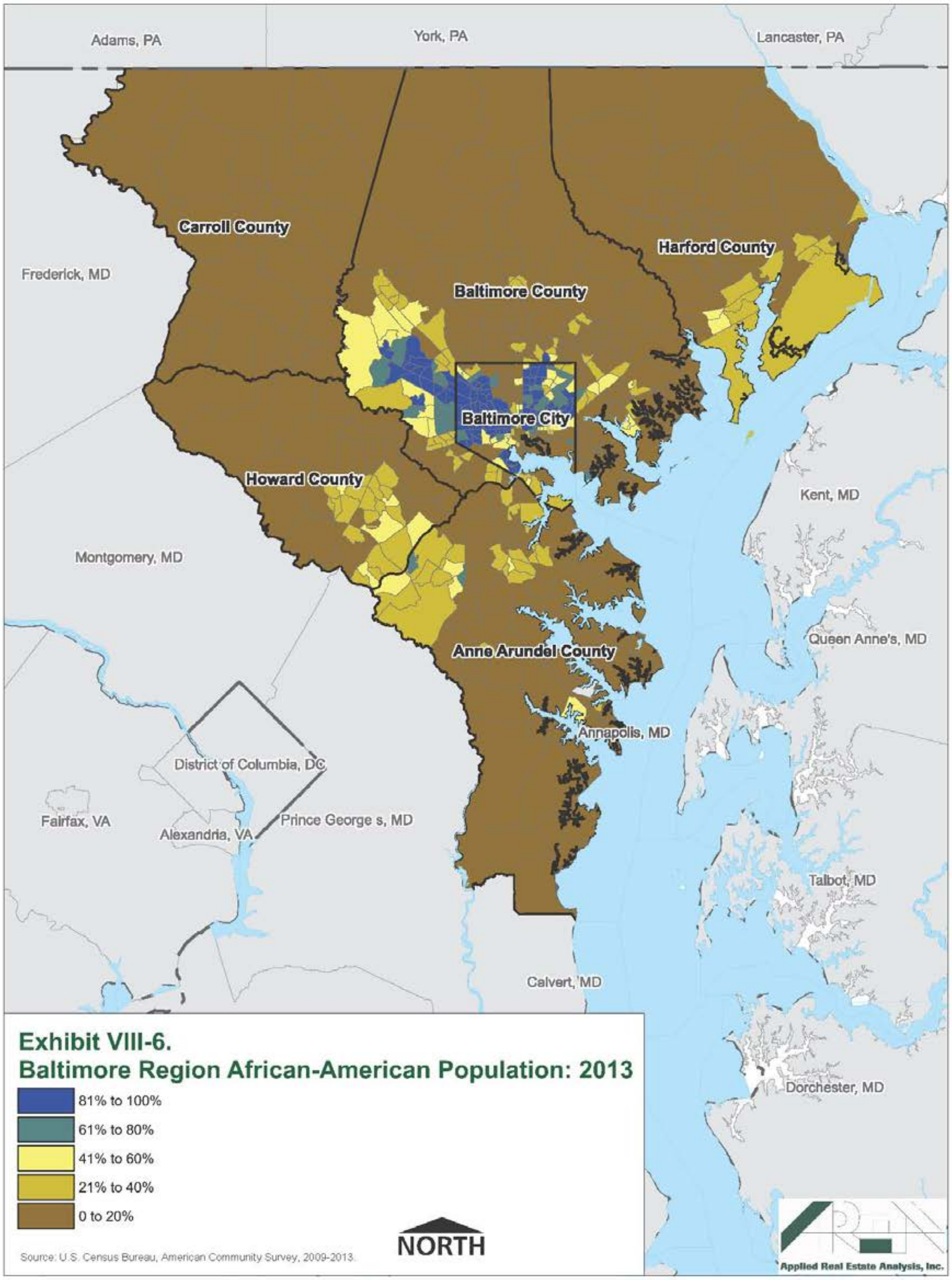


Exhibit VIII-6.
Baltimore Region African-American Population: 2013

Source: U.S. Census Bureau, American Community Survey, 2009-2013.

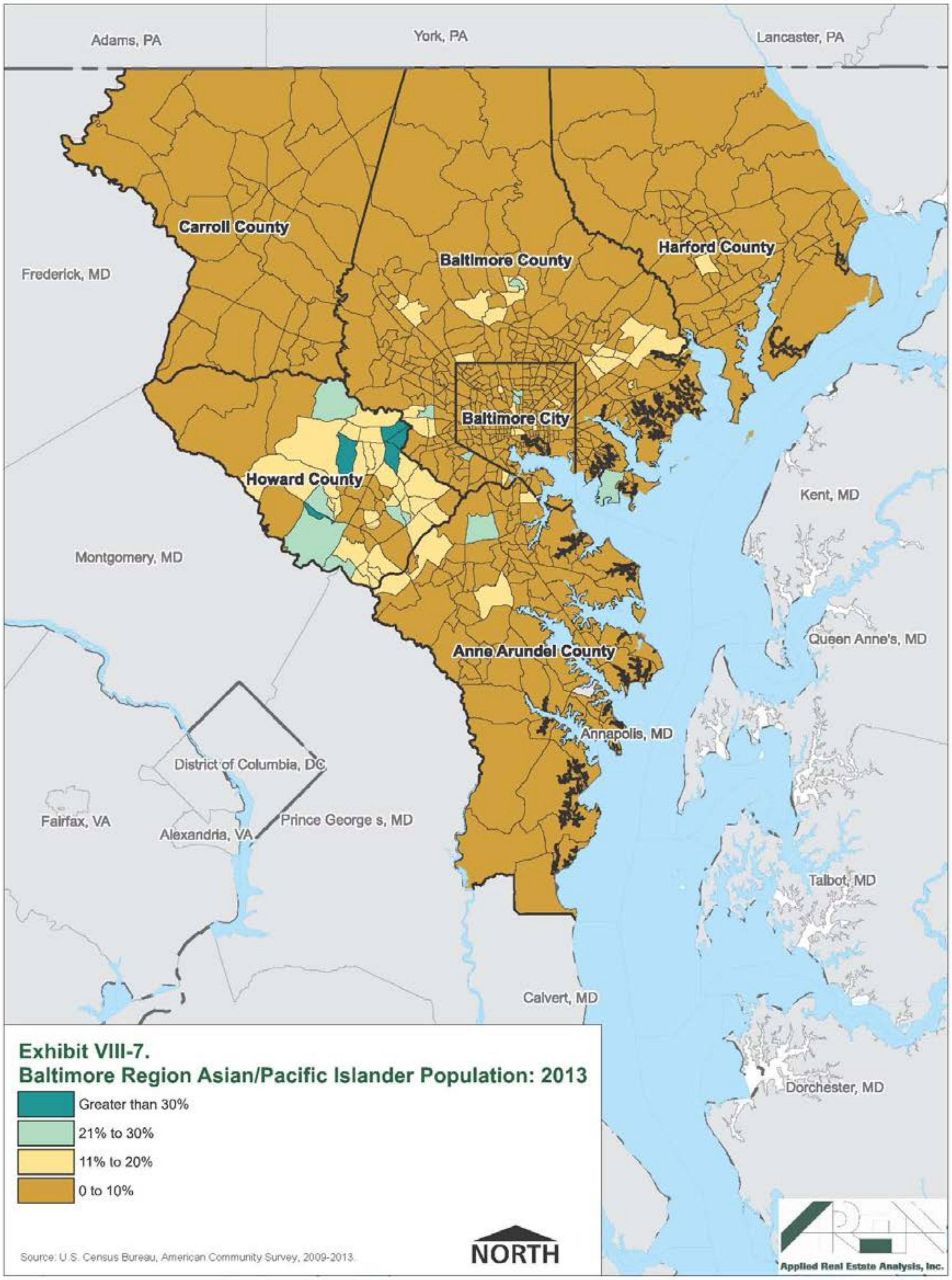


Exhibit VIII-7.
Baltimore Region Asian/Pacific Islander Population: 2013

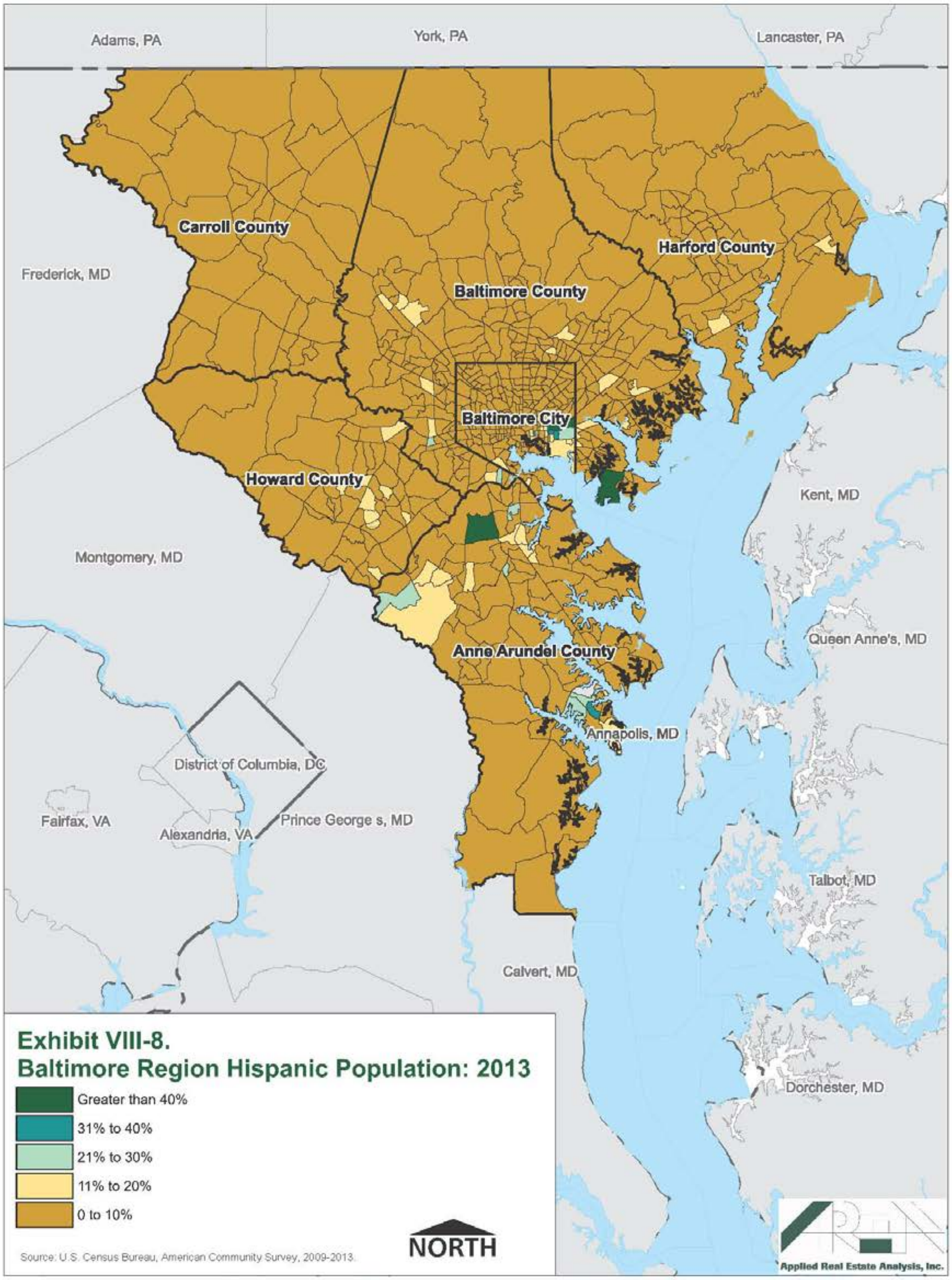


Exhibit VIII-8.
Baltimore Region Hispanic Population: 2013

Measuring Segregation with the Dissimilarity Index. As defined in HUD's Affirmatively Furthering Fair Housing Data Documentation, the dissimilarity index (or the index of dissimilarity) is a measure of community-level segregation, representing the extent to which the population percentage of any two groups differs between census tracts (or block groups). For example, if a city consisted of 70 percent Whites and 30 percent African Americans, then a perfectly integrated city would exhibit the same percentages in every single census tract of the city. An entirely segregated city would consist of all census tracts having either 100 percent Whites or 100 percent African Americans, thus zero integration.

The values of the dissimilarity index can range from 0 to 100, with a value of zero representing perfect integration between the two groups and a value of 100 representing perfect segregation. If a county has a dissimilarity value of 60 for Whites and African Americans, it means that 60 percent of the Whites would have to move to a different neighborhood in order to achieve perfect integration. In general, a value of 55 or higher is considered a high level of segregation, 40 to 54 is considered moderate segregation, and 40 or lower is considered low segregation.

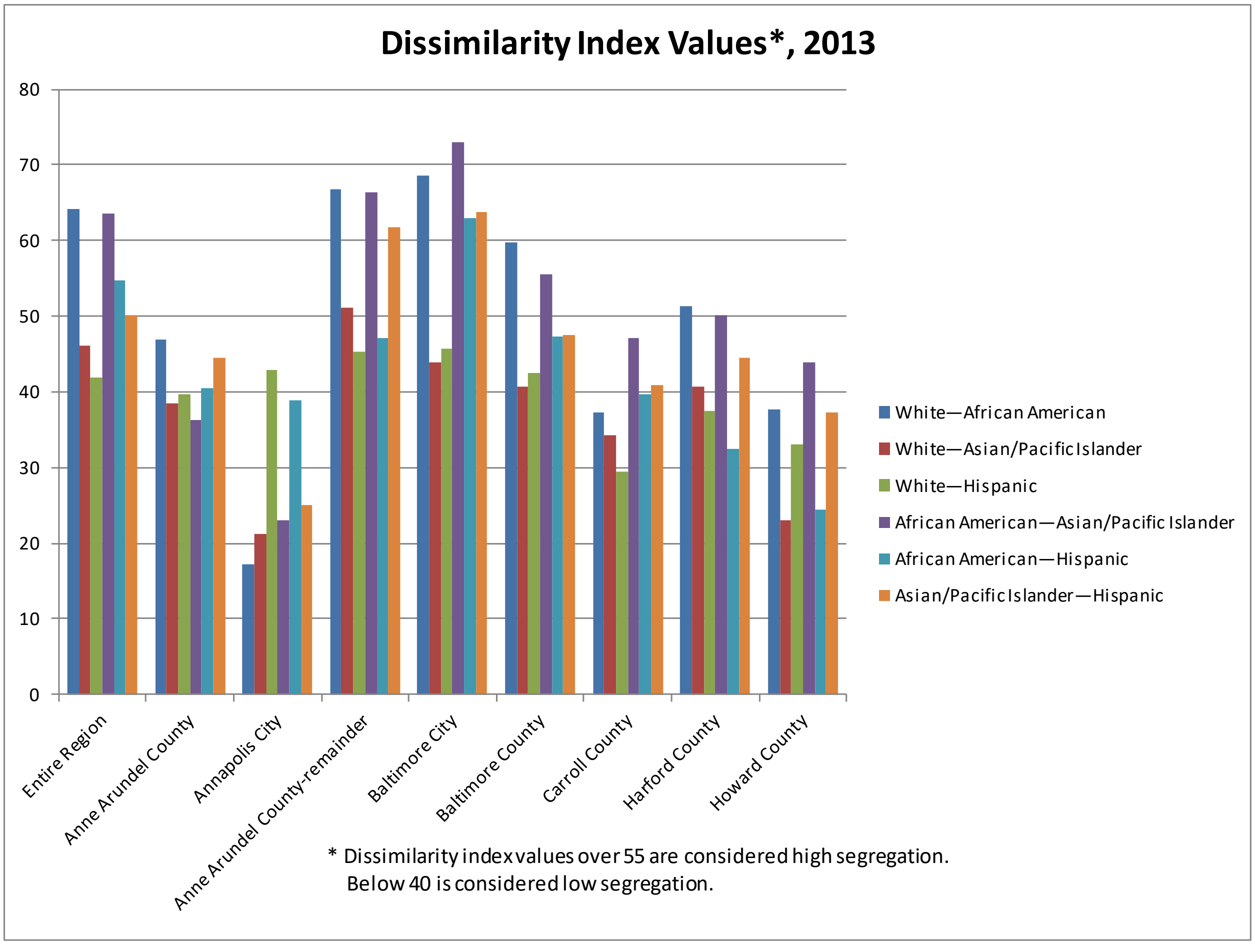
Exhibit VIII-9.
Dissimilarity Index Values by Jurisdiction, 2013

	Dissimilarity Index Values*					
	White-African American	**White-Asian/Pacific Islander**	**White-Hispanic**	**African American-Asian/Pacific Islander**	**African American-Hispanic**	**Asian/Pacific Islander-Hispanic**
Entire Region	64	46	42	64	55	50
Anne Arundel County	47	39	40	36	40	45
Annapolis City	17	21	43	23	39	25
Anne Arundel County-remainder	67	51	45	66	47	62
Baltimore City	68	44	46	73	63	64
Baltimore County	60	41	42	56	47	47
Carroll County	37	34	30	47	40	41
Harford County	51	41	38	50	32	44
Howard County	38	23	33	44	24	37

* A dissimilarity index value over 55 is considered a high level of segregation; a value below 40 is considered low segregation.
Sources: U.S. Census Bureau, American Community Survey, 2009–2013; AREA.

AREA has calculated the dissimilarity index for the region and for each of the five counties and two cities included in this study using U.S. Census data for 2013 at the census tract level. Exhibits VIII-9 and VIII-10 show the dissimilarity index values and bar charts for the region and each jurisdiction for each comparison of racial and ethnic groups.

Exhibit VIII-10.
Dissimilarity Index Values*, 2013



Sources: U.S. Census Bureau, American Community Survey, 2009–2013; AREA.

At the regional level there are high levels of segregation between Whites and African Americans, and between African Americans and both Asian/Pacific Islanders and Hispanics. High levels of segregation are found in Baltimore City, Baltimore County, and in the portion of Anne Arundel County outside of Annapolis. The City of Annapolis, Howard County, and Carroll County all have low levels of segregation across most of the racial and ethnic comparisons within their jurisdictions. However, because these jurisdictions have small percentages of African American and other racial and ethnic minorities, they contribute to the overall high levels of regional segregation.

Persons with Limited English Proficiency

As noted in the 2011–2012 AI reports by Mullin & Lonergan, persons with limited English proficiency (LEP), including immigrants, may have difficulty finding and accessing fair housing options due to language and cultural barriers within their new environments. Housing advocates and community officials should be aware of their presence in the community to assist them in overcoming both intentional and inadvertent barriers to accessing and understanding housing rights and options.

In 2013, there were 103,507 persons in the Baltimore region who spoke English less than "very well," representing 4.1 percent of the regional population. This population was increasing faster than the overall regional population since 2008, when there were 89,991 persons with LEP, representing 3.9 percent of the regional population at that time.

Exhibit VIII-11.
Persons with Limited English Proficiency (LEP) by Jurisdiction, 2013

	Number of Persons with LEP (Age 5+)	Percent of Jurisdiction Population (Age 5+)
Regional Total	103,507	4.1%
Anne Arundel County	19,094	3.7%
Annapolis City	3,356	9.4%
Anne Arundel County-remainder	15,738	3.3%
Baltimore City	20,197	3.5%
Baltimore County	35,949	4.7%
Carroll County	2,225	1.4%
Harford County	4,877	2.1%
Howard County	21,165	7.7%

Source: U.S. Census Bureau, American Community Survey, 2009–2013.

Exhibit VIII-12 shows the number of persons with LEP by language. The most frequently reported language spoken by LEP persons in the region is Spanish, followed by Korean and Chinese.

Exhibit VIII-12.
Language Spoken at Home by Persons with LEP, Baltimore Region, 2013

	Number of Persons with LEP (age 5 and over)	Percent of Total LEP Population (age 5 and over)
Regional Total	103,507	100.0%
Spanish	41,266	39.9%
Korean	10,556	10.2%
Chinese	8,480	8.2%
Russian	5,086	4.9%
African Languages	4,484	4.3%
Tagalog	3,927	3.8%
French	3,135	3.0%

Source: U.S. Census Bureau, American Community Survey, 2009–2013.

ECONOMIC PROFILE

Race/Ethnicity and Income

Household income is a critical factor used by a lender in evaluating a household's qualification for obtaining a home mortgage loan and by apartment owners and managers when reviewing applications for rental housing.

In 2013, the median household income (MHI) for the Baltimore-Columbia-Towson MSA was $69,367. Exhibit VIII-13 shows that MHI and poverty rates continue to show great variation among the jurisdictions of the region. The poverty rates have increased for all of the jurisdictions studied in this report when compared to the data in 2008. The overall poverty rate of the region was 10.9 percent in 2013, compared to 14.7 percent for the United States.

The City of Baltimore jumped from a 19.6 percent poverty rate in 2008 to 23.8 percent in 2013. This may be indicative that persons leaving the city have higher incomes, as well as the fact that incomes actually decreased in the city, with the median household income decreasing by 7.1 percent since 2000, after adjusting for inflation.

The City of Baltimore's poverty rate is more than five times the poverty rate in Howard County, four times that of Carroll County, and more than three times that of Anne

Arundel and Harford counties. Further, 50 percent of all persons living in poverty in the region are in the City of Baltimore, even though Baltimore represents only 23 percent of the overall regional population. The City of Annapolis appears to have concentrations of poverty also, as its poverty rate of 11.2 percent is almost double the rate of the remainder of Anne Arundel County, which is 5.9 percent.

Exhibit VIII-13.
Household Income and Poverty Rates, 2013

	Median Household Income	Persons in Poverty	Percent of Population in Poverty
Regional Total	$69,367	286,446	10.9%
Anne Arundel County	$87,430	33,352	6.3%
Annapolis City	$72,462	4,225	11.2%
Anne Arundel County-remainder	N/A	29,127	5.9%
Baltimore City	$41,385	142,162	23.8%
Baltimore County	$66,486	70,456	8.9%
Carroll County	$84,790	9,088	5.6%
Harford County	$80,622	17,988	7.4%
Howard County	$109,865	13,400	4.6%

N/A indicates data are not available for this geography.

Source: U.S. Census Bureau, American Community Survey, 2009–2013.

Exhibit VIII-14 reveals the dramatic differences among racial and ethnic groups across the Baltimore region with respect to income and poverty. In the region overall, African-American households are more than three times more likely to live in poverty than White households, and Hispanic households are more than twice as likely as White households to live in poverty. In the city of Baltimore, almost 28 percent of African-American households were living in poverty in 2013, a sharp increase from 2008, when the poverty rate was 23 percent (per Mullin & Lonergan).

Exhibit VIII-14.
Poverty Rate of Persons by Race and Ethnicity, 2013

	Percentage Living in Poverty			
	White	African American	Asian	Hispanic
Regional Total	6.5%	19.9%	10.6%	15.1%
Anne Arundel County	4.7%	12.7%	11.0%	9.4%
Annapolis City	6.7%	25.1%	18.0%	17.0%
Anne Arundel County-remainder	4.6%	11.2%	10.7%	7.5%
Baltimore City	14.6%	27.6%	26.7%	26.8%
Baltimore County	7.0%	12.3%	12.1%	13.5%
Carroll County	5.0%	15.9%	5.3%	13.0%
Harford County	6.0%	14.7%	5.5%	15.5%
Howard County	3.0%	8.6%	4.9%	12.5%

Source: U.S. Census Bureau, American Community Survey, 2009–2013.

The income distribution of White and African-American households in each jurisdiction and the region overall is presented in Exhibit VIII-15. Similar to the statistics for 2008, African-American households were fairly evenly spread throughout the four income segments, with 28 percent earning less than $25,000 and 29 percent earning over $75,000, whereas White households were skewed to higher incomes, with only 13 percent earning less than $25,000 and over 54 percent earning $75,000 or higher.

Exhibit VIII-15.
Household Income Distribution by Race, 2013

	$0 to $24,999	$25,000 to $49,999	$50,000 to $74,999	$75,000 to $99,999	$100,000 and higher
	Percent	**Percent**	**Percent**	**Percent**	**Percent**
Regional Total	18.2%	18.7%	17.4%	13.1%	32.6%
White Households	13.0%	16.4%	16.6%	14.2%	39.9%
African-American Households	27.9%	24.7%	18.3%	11.3%	17.8%
Anne Arundel County	11.0%	14.6%	16.8%	15.0%	42.6%
White Households	9.5%	14.1%	15.5%	14.6%	46.3%
African-American Households	16.5%	19.3%	18.6%	14.5%	31.0%
Annapolis City	18.2%	15.3%	17.8%	12.8%	35.8%
White Households	10.3%	13.3%	16.1%	14.9%	45.4%
African-American Households	38.5%	23.4%	16.0%	7.0%	15.0%
Anne Arundel County-Remainder	10.4%	14.6%	16.7%	15.2%	43.2%
White Households	9.4%	14.2%	15.5%	14.5%	46.4%
African-American Households	13.5%	18.8%	19.0%	15.6%	33.2%
Baltimore City	34.2%	23.7%	17.2%	9.2%	15.7%
White Households	22.8%	19.0%	17.8%	11.5%	28.9%
African-American Households	39.2%	27.1%	16.7%	8.3%	8.7%
Baltimore County	16.6%	21.2%	19.6%	13.6%	29.1%
White Households	15.0%	19.6%	18.2%	14.7%	32.5%
African-American Households	17.1%	24.9%	21.8%	14.1%	22.2%
Carroll County	11.8%	16.3%	15.5%	15.1%	41.4%
White Households	11.7%	16.1%	15.7%	15.2%	41.4%
African-American Households	15.2%	25.7%	11.0%	12.1%	36.0%
Harford County	13.2%	16.1%	18.5%	15.4%	36.8%
White Households	11.9%	15.4%	17.6%	15.7%	39.4%
African-American Households	17.3%	22.0%	18.0%	13.9%	28.8%
Howard County	7.4%	11.5%	13.3%	13.5%	54.3%
White Households	5.3%	9.8%	12.3%	12.2%	60.5%
African-American Households	11.2%	16.0%	16.8%	16.4%	39.6%

Source: U.S. Census Bureau, American Community Survey, 2009–2013.

Concentrations of Low- and Moderate-Income Persons

HUD provides the percentage of low- and moderate-income (LMI) persons in each census block group for entitlement communities, such as the jurisdictions covered in this report. The following table indicates the total number of LMI persons in the region and in each of the jurisdictions. The percentage of LMI persons was highest in the City of Baltimore, when in 2010, 61.9 percent of the city's residents was considered LMI. This was about twice as high as the proportion of LMI persons in four of the five suburban counties. The lowest concentration of LMI persons was in Howard County, with less than one of five persons considered LMI, and the second-highest percentage of LMI persons was in the City of Annapolis, at 38.3 percent.

Exhibit VIII-16.
Low- and Moderate-Income Persons, 2010

	Number of LMI Persons	Total Population	LMI Percent of Population
Regional Total	945,945	2,566,910	36.9%
Anne Arundel County	133,930	508,130	26.4%
Annapolis City	13,865	36,190	38.3%
Anne Arundel County-remainder	120,065	471,940	25.4%
Baltimore City	371,795	600,195	61.9%
Baltimore County	281,250	780,465	36.0%
Carroll County	39,020	162,210	24.1%
Harford County	67,050	240,180	27.9%
Howard County	52,900	275,730	19.2%

Source: U.S. Dept. of Housing and Urban Development, 2010.

Poverty and Persons with a Disability

The American Community Survey records disability status for non-institutionalized disabled persons aged five and older. A disability is a long-lasting physical, mental, or emotional condition that can make it difficult for a person to perform activities of daily living, such as walking, climbing stairs, dressing bathing, learning, or remembering. These conditions can also impede the ability to travel outside the home alone or work.

The Fair Housing Act of 1968 prohibits discrimination based on disability—including physical, mental, or emotional disability. Applicants for and occupants of housing may not be excluded from renter- or owner-occupied housing.

In the year 2013, 290,772 persons aged five or older reported a disability in the Baltimore region, representing 11.8 percent of the population. In the City of Baltimore, 16.3 percent of persons reported a disability.

Exhibit VIII-17.
Persons with Disabilities, 2013

	Civilian Non-institutionalized Population Age 5+	With at Least One Type of Disability	Percent
Regional Totals	2,473,282	290,772	11.8%
Anne Arundel County	489,249	49,413	10.1%
Annapolis City	34,968	3,575	10.2%
Anne Arundel County-remainder	454,281	45,838	10.1%
Baltimore City	569,512	92,869	16.3%
Baltimore County	754,995	89,289	11.8%
Carroll County	156,498	14,569	9.3%
Harford County	229,541	24,349	10.6%
Howard County	273,487	20,283	7.4%

Source: U.S. Census Bureau, American Community Survey, 2009–2013.

According to data for the Baltimore region, persons living with disabilities are more than twice as likely to live in poverty. As of 2013, 19.1 percent of persons with disabilities in the Baltimore region lived in poverty, as compared to only 8.6 percent for persons without any disabilities.

Exhibit VIII-18.
Poverty Rates by Disability, Persons Age 16 or Older, 2013

	Percentage of Persons with Disabilities	Living in Poverty without Disabilities
Regional Totals/Average	**19.1%**	**8.6%**
Anne Arundel County	11.9%	5.2%
Annapolis City	N/A	N/A
Anne Arundel County-remainder	N/A	N/A
Baltimore City	32.5%	18.7%
Baltimore County	13.6%	7.4%
Carroll County	12.1%	4.4%
Harford County	13.0%	5.6%
Howard County	12.0%	3.6%

N/A indicates that these data are not available for this geography.

Source: U.S. Census Bureau, American Community Survey, 2009–2013.

Familial Status and Income

The Census Bureau divides households into family and non-family households. Family households are married couple families with or without children, single-parent families, and other families made up of related persons. Non-family households are either single persons living alone or two or more non-related persons living together.

Sex is a protected basis under Title VIII of the Civil Rights Act of 1968 (the Fair Housing Act) against discrimination in housing. Protection for familial status (that is, families with children, pregnant women) was added in the 1988 amendments to Title VIII. Except in very limited circumstances involving housing reserved by government for persons aged 62 years or older and owner-occupied buildings of one to four units, it is unlawful to refuse to rent or sell to families with children.

The total number of households in the region increased by 5.5 percent from 2000 to 2013, while the number of family households increased much more slowly by 1.7 percent. The number of female-headed households increased 6.9 percent, but the female-headed households with children increased only 0.9 percent. Meanwhile, married couple families decreased by 0.8 percent, and married couples with children decreased by 11.2 percent. Similarly, male-headed households increased by 13.2 percent, but male-headed households with children only increased by 1.5 percent.

Exhibit VIII-19.
Family Status, Baltimore Region, 2000 to 2013

	2000	2013	Percent of Households	% Change 2000 to 2013
Regional Total Households	959,013	1,012,030	100.0%	5.5%
Family Households	646,579	657,809	65.0%	1.7%
Married-Couple Family	467,661	464,107	45.9%	–0.8%
With Children	215,468	191,439	18.9%	–11.2%
Without Children	252,193	272,668	26.9%	8.1%
Female-Headed Households	139,633	149,228	14.7%	6.9%
With Children	78,260	78,949	7.8%	0.9%
Without Children	61,373	70,279	6.9%	14.5%
Male-Headed Households	39,285	44,474	4.4%	13.2%
With Children	19,298	19,578	1.9%	1.5%
Without Children	19,987	24,896	2.5%	24.6%
Non-family and 1-person Households	312,434	354,221	35.0%	13.4%

Source: U.S. Census Bureau, American Community Survey, 2009–2013.

SUMMARY OF FAIR HOUSING INTERVIEWS

AREA contacted companies with experience in development, ownership, and/or management of affordable housing properties in metropolitan Baltimore to obtain their views on fair housing issues in the region. Although more than 20 calls were made to potential subjects, only 4 phone interviews were conducted. Outreach and interviews were conducted between November 2016 and February 2017. Interview subjects were seasoned housing professionals with between 25 to 30 years in direct property or management roles; for one organization, the community relations director responded to our survey. In addition to work experience in Maryland, subjects also worked in Pennsylvania, Virginia, and West Virginia.

All subjects appeared to be familiar with fair housing laws in their respective jurisdictions and standard protected classes and complied with rules and regulations. Fair housing training is required and held annually by all respondents through in-person or online classes. Very few subjects indicated participation in fair housing training beyond that required by law. Where municipalities lacked a fair housing ordinance, several organizations deferred to the more restrictive of state or federal regulations.

Although respondents uniformly agreed their industry was performing very well in the area of fair housing applications and management, the issue of managing reasonable accommodations was cited as one of the challenges practitioners face.[34] Because of ill-defined eligibility thresholds and qualifications, reasonable accommodation requests fulfilled for one resident often snowball into similar requests by neighboring residents. Examples include handicapped parking at senior facilities, service animals, or removing newly installed carpet due to a tenant's COPD.

Based on fulfilling required postings, training, and compliance, the housing professionals interviewed believed that their clients have a sufficient understanding of their housing rights. Complaints that have been filed over the years generally relate to reasonable accommodation requests, they said. One interviewee recalled a complaint of housing discrimination based on race that was later dismissed. Complaints were generally resolved by the management company and identified as misunderstandings or inadequate provision of reasonable accommodations. Uniformly, subjects affirmed that housing discrimination was not common in the areas where they worked. Training materials used extreme examples of discrimination by private landlords, but none of the people surveyed believed discrimination to be occurring, particularly when trained reputable professionals were in place.

When asked about barriers to equal housing opportunity, interviews produced varied responses. In rural Maryland, the barrier is poor access resulting from limited public transportation to jobs, medical providers, schools, and shopping. Meeting Americans with Disability Act (ADA) standards and providing accessible housing was a barrier cited by multiple respondents, who identified challenges from both resident and management perspectives. Management organizations have experienced increasing difficulty in meeting ADA requests. Although residents believe that it is the landlord's responsibility to provide or modify units for ADA accessibility, landlords are actually only required to allow changes to occur to existing units or meet new construction requirements. One respondent commented that housing applicants with ADA requirements routinely struggle to find decent housing opportunities that are affordable.

Generally, respondents indicated that the real estate industry and government bodies were doing the right thing by educating and informing housing professionals and the residents they serve. Some suggestions for improvements include increased training in general and specifically in areas of reasonable accommodations for persons with a disability. Unbiased classes for tenants to learn their rights and establish a better understanding would be best achieved through an outside, third-party vendor.

In spite of the positive responses from the interviews respondents, there is still an indication that not all landlords follow fair housing guidelines. In 2016, the State of Maryland Commission on Human Rights received 98 housing discrimination complaints. Of those complaints, 59 were disability related, 33 were related to race, and 5 were based on national origin.

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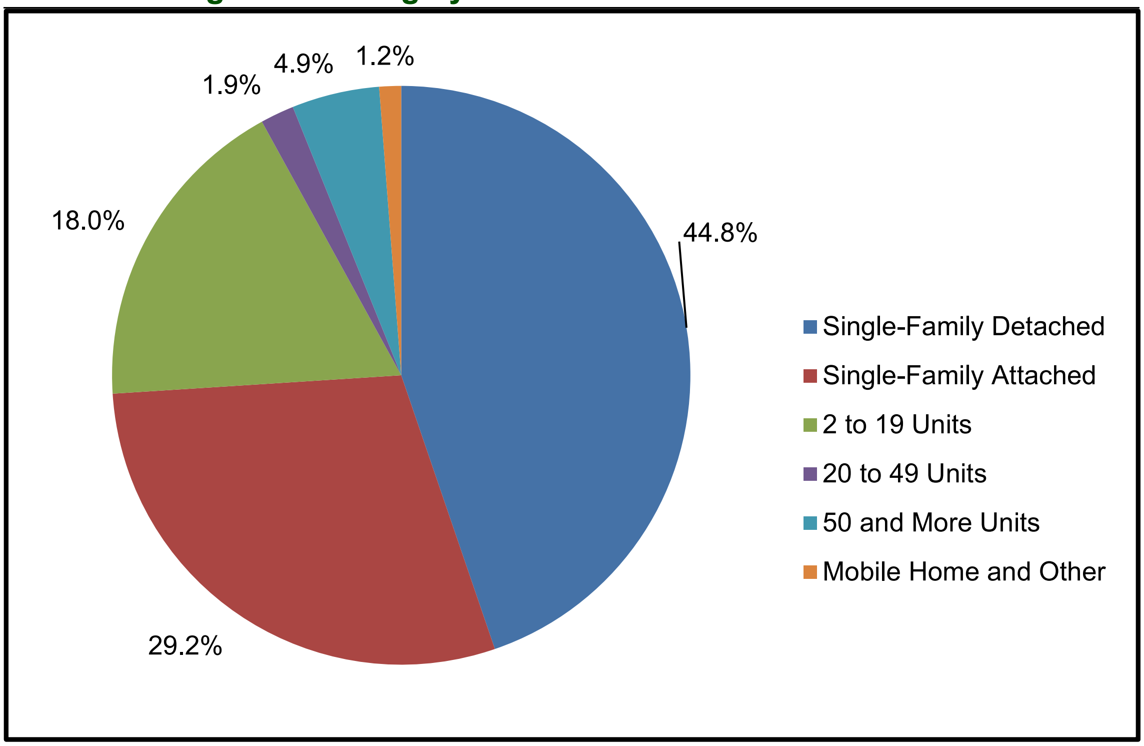
[34] For more information about reasonable accommodations, see the following joint statement by the Department of Justice and HUD: https://www.justice.gov/crt/page/file/909956/download.

HOUSING MARKET PROFILE

The housing stock in a given geography is both an indication of demand for that type of housing and a determinant of the types of households that will be attracted to the area. Multifamily properties have traditionally tended to be rental housing, and single-family detached structures have tended to be owner occupied. Although this pattern has softened over the past 25 years, with construction of more multifamily condominiums and more single-family homes available for rent, it is still dominant in the Baltimore region.

Throughout the Baltimore region, 74 percent of all housing units are single family. Largely because of the popularity of the row house in the City of Baltimore, only 44.8 percent of all housing units are single-family detached, whereas 29.2 are single-family attached. Multifamily properties with two or more units account for only 28.8 percent of all housing units. The remaining 1.2 percent of housing units consists largely of mobile homes, with fewer than 500 households lodged in other accommodations (such as boats and RVs).

Exhibit VIII-20.
Baltimore Region: Housing by Units in Structure



Sources: American Community Survey; 2009–2013, 5-year; Applied Real Estate Analysis, Inc.

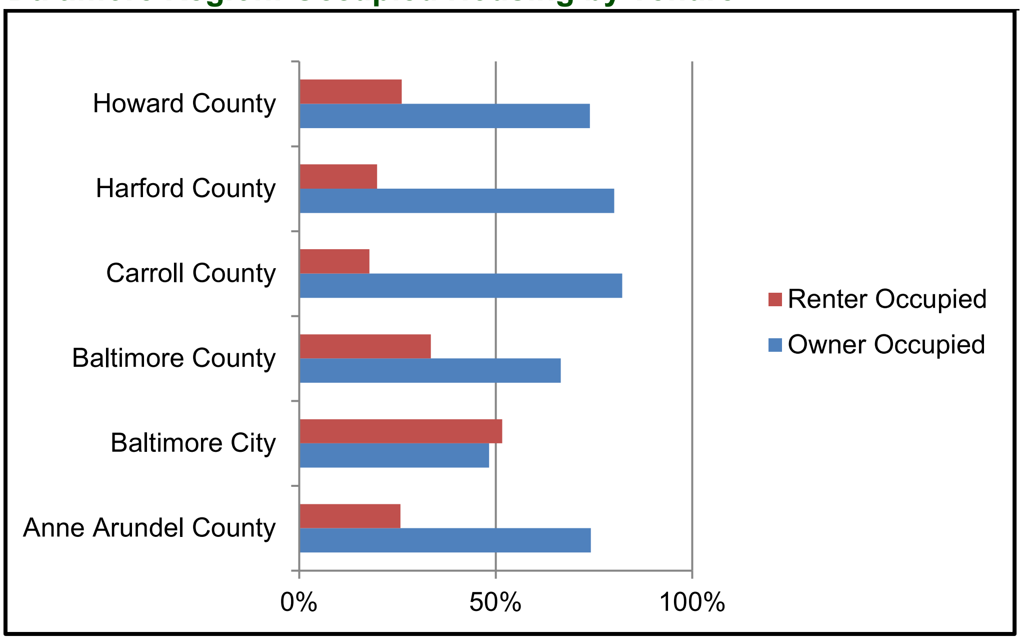
Exhibit VIII-21.
Housing by Units in Structure

	Single-Family Detached	Single-Family Attached	2–19 Units	20–49 Units	50 or More	Mobile Home and Other
Anne Arundel County	61.89%	18.55%	13.43%	1.94%	2.32%	1.87%
Baltimore City	14.54%	52.83%	21.09%	2.39%	8.94%	0.22%
Baltimore County	47.00%	24.15%	21.32%	1.60%	4.97%	0.96%
Carroll County	77.39%	10.10%	8.98%	0.86%	1.68%	0.98%
Harford County	60.94%	20.44%	12.80%	0.97%	1.36%	3.48%
Howard County	53.12%	20.65%	18.25%	2.65%	3.76%	1.57%

Sources: American Community Survey; 2009–2013; Applied Real Estate Analysis, Inc.

In the Baltimore region, two-thirds of the households own the unit in which they live, and one-third rent their units. Nationwide, the homeownership rate is 64.9 percent. Exhibit VIII-22 illustrates how tenure varies by county within the region.

Exhibit VIII-22.
Baltimore Region: Occupied Housing by Tenure



Sources: American Community Survey; 2009–2013; Applied Real Estate Analysis, Inc.

The way in which housing stock and tenure are related is most evident in Exhibit VIII-23. Homeownership rates vary from 48.3 percent in Baltimore City to 82.2 percent in Carroll

County. In Carroll County, 78 percent of housing units are in single-family detached structures, and another 10 percent are in single-family attached structures. By comparison, in Baltimore County, where 66.5 percent of households are homeowners, only 47.8 percent of the housing units are single-family detached structures, with another 24.1 percent in single-family attached structures.

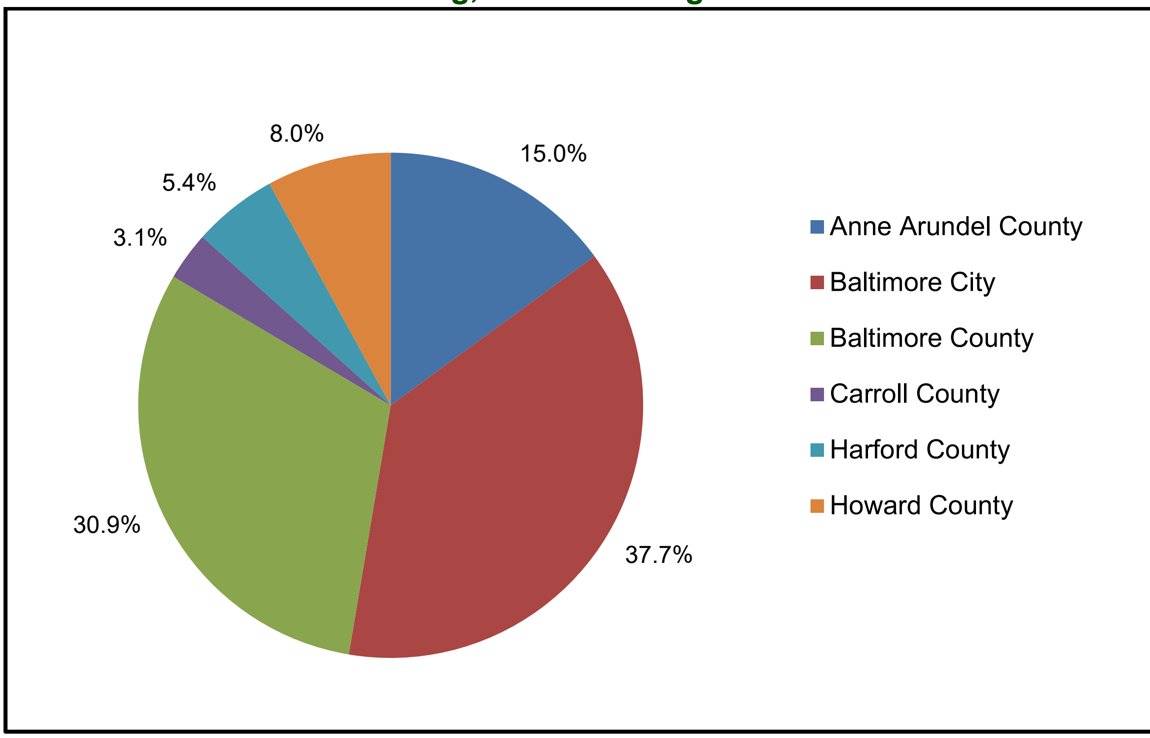
Exhibit VIII-23.
Household Tenure by Units in Structure

	Anne Arundel County	**Baltimore County**	**Baltimore City**	**Carroll County**	**Harford County**	**Howard County**
Total	199,904	313,912	241,455	59,909	90,708	106,142
Owner-Occupied Housing Units:	**74.2%**	**66.5%**	**48.3%**	**82.2%**	**80.2%**	**73.9%**
1, detached	56.1%	44.3%	13.4%	72.9%	57.7%	51.3%
1, attached	13.0%	17.3%	31.6%	6.8%	15.2%	17.1%
2 to 4	0.3%	0.4%	1.1%	0.4%	0.4%	0.3%
5 to 9	0.6%	0.7%	0.3%	0.1%	0.6%	1.2%
10 to 19	1.9%	1.8%	0.2%	0.7%	3.1%	2.0%
20 to 49	0.5%	0.5%	0.4%	0.1%	0.4%	0.8%
50 or more	0.4%	0.8%	1.1%	0.1%	0.1%	0.3%
Mobile home	1.5%	0.8%	0.1%	0.9%	2.7%	0.9%
Renter-Occupied Housing Units:	**25.8%**	**33.5%**	**51.7%**	**17.8%**	**19.8%**	**26.1%**
1, detached	24.2%	10.4%	4.5%	28.4%	22.2%	10.1%
1, attached	21.7%	20.3%	36.9%	17.7%	25.5%	14.8%
2 to 4	4.6%	7.9%	17.9%	18.9%	9.0%	4.6%
5 to 9	10.2%	16.4%	10.7%	7.0%	11.4%	15.8%
10 to 19	24.4%	29.5%	8.8%	14.4%	19.6%	33.1%
20 to 49	5.8%	3.5%	4.2%	4.0%	2.9%	6.9%
50 or more	7.8%	11.8%	16.7%	8.8%	6.7%	13.1%
Mobile home and other	1.2%	0.3%	0.3%	0.7%	2.8%	1.5%

Sources: American Community Survey; 2009–2013; Applied Real Estate Analysis, Inc.

One of the main obstacles to Baltimore vouchers holders who wish to move to other parts of the region is simply the lack of rental housing stock. Approximately 37 percent of the region's rental housing is in the City of Baltimore, and another third of the stock is in Baltimore County, predominately in areas just outside the city limits. The 15 percent to 16 percent of the region's rental units located in Anne Arundel County are also concentrated in Annapolis and areas to the south of the City of Baltimore. Many of these rental units are located in census tracts that rate as areas of low to moderate opportunity.

Exhibit VIII-24.
Distribution of Rental Housing, Baltimore Region



Sources: American Community Survey; 2009–2013; Applied Real Estate Analysis, Inc.

Where rental housing does exist in areas of high or very high opportunity, it tends to be very expensive. AREA gathered information on market-rate rental housing throughout the Baltimore region between August 15, 2016 and February 20, 2017. The data included numerous building types, from single-family homes to multifamily housing complexes. Rental information was obtained on over 2,600 units via online searches of two websites: Apartments.com and Zillow.com. Information gathered on each unit includes street address, city, state, zip code, census tract, rent, number of bedrooms and baths, and building amenities. In addition to recording the unit and building information, the census tract was identified and reviewed to note its opportunity score.

Although the data collected by AREA is not an exhaustive listing of all rental units available during this time period, all apartments listed for rent on these two websites were recorded for all communities, with the exception of the City of Baltimore, Columbia, and Laurel. Listings were quite numerous in these communities, so every fifth or tenth listing was recorded until the sampled units reached at least 30 units for that community.

In the sample, 1,606 units (62 percent) were located in high or very high opportunity census tracts, and 1,005 units were in census tracts with opportunity scores between very low and moderate. Of the units in high opportunity areas, 638 were located in census tracts that contain at least one subsidized/assisted building (based on the Opportunity Housing Inventory compiled by the Urban Institute, described in Section VI). There were only seven units in the sample with six or more bedrooms, and these units were not included in the sample as they were too few to be considered representative of the region's marketplace of those unit sizes.

Exhibit VIII-25 indicates the number of units in the sample from each county as well as the quantity in high opportunity areas.

Exhibit VIII-25.
AREA Rental Market Sample Data

	Number of Units Located in Areas of:		
County	**High and Very High Opportunity**	**Low and Very Low Opportunity**	**Total**
Anne Arundel	455	204	659
Baltimore City	19	545	564
Baltimore	428	195	623
Carroll	76	4	80
Harford	166	2	168
Howard	462	55	517
Totals*	**1,606**	**1,005**	**2,611**

Sources: Apartments.com; Zillow.com; Applied Real Estate Analysis, Inc.

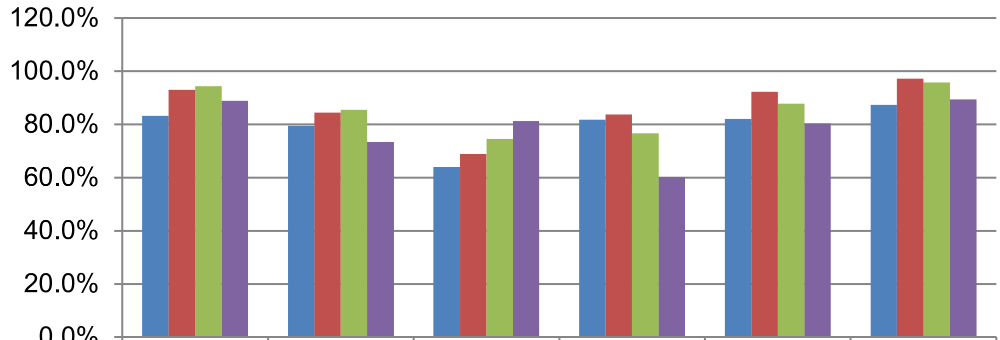
Limitations of the Market Rent Data. Although Apartment.com and Zillow.com have become somewhat dominant vehicles for rental listings, there are several other sites and methods that owners may utilize to seek tenants. Consequently, the data collected cannot be considered an exhaustive sample of all available rental units in the region. The data was gathered on rents of units available for rent over a six-month period of time to increase the likelihood of capturing representative samples of the overall marketplace, though a full 12-month period would be optimal to capture all seasonal turnover periods. Some neighborhoods may have experienced a slight increase in rents from the start to the end of the data collection process. Other neighborhoods may be underrepresented simply because owners of units in those neighborhoods use other methods to solicit prospective tenants. Further, the data collection did not attempt to capture existing rents of existing ongoing leases. Although we acknowledge potential shortcomings of the data collection effort, its main intent was to help understand the marketplace that voucher holders encounter when seeking a unit to rent. The fact that we found fewer units for rent in areas of low opportunity can be attributable to landlords in those areas using different advertising methods and that lower-rent units in those neighborhoods tend to stay more fully rented than the higher-rent units in opportunity neighborhoods.

American Community Survey Rents. Recognizing the limitations of our rental data collection, we compared its results to the most recent information available through the American Community Survey. For this we used the 2015 five-year average table for median gross rents. The ACS median rents were, understandably, lower than the median rents in data collected by AREA. In addition to a potential bias toward more expensive units in our data collection, our rents are more recent and therefore reflect recent price increases. Also, the ACS surveys rent paid by the respondents rather than asking rents. Actual rents paid may lag asking rents because some landlords raise rents on available units more than on occupied units, preferring to retain good tenants and avoid turnover costs rather trying to maximize rent on every unit.

We reasoned that even though the median ACS rents were lower than the median rents in AREA's data collection effort, AREA's rents should be generally proportional to ACS rents across the region. We tested this assumption by calculating the ACS median rents as a percentage of the AREA medians.

Exhibit VIII-26.

ACS 2015 Median Rents as a Percentage of AREA's 2016 Median Rents



	Anne Arundel	Baltimore County	Baltimore City	Carroll	Harford	Howard
1 bedroom	83.3%	79.5%	64.0%	81.8%	82.0%	87.4%
2 bedrooms	93.1%	84.4%	68.8%	83.7%	92.3%	97.2%
3 bedrooms	94.3%	85.6%	74.6%	76.6%	87.8%	95.8%
4 bedrooms	88.9%	73.3%	81.2%	60.1%	80.3%	89.4%

Sources: American Community Survey; 2011–2015; Applied Real Estate Analysis, Inc.

AREA's data showed the closest relationship to ACS data in Anne Arundel and Howard counties, whereas AREA's data was the least similar to ACS data in Baltimore City. This indicates that AREA's data collection undersampled the lower-rent neighborhoods in the city and, to a lesser extent, in Baltimore County. There is also a low correlation between ACS rents and AREA data for four-bedroom rents in Carroll County. We attribute this primarily to the small number of four-bedroom units in our sample (nine) in Carroll County, and thus it is probably not representative of all four-bedroom units in the county.

Exhibit VIII-27 shows the median rents collected by AREA for units located in census tracts rated as high or very high opportunity neighborhoods. To indicate relative affordability, these median market rents are compared to the maximum affordable rent levels for households with incomes at 60 percent of area median income (AMI). The 60 percent AMI is the maximum income level that a household can earn to qualify for a unit in a building financed with LIHTCs. The income limits used in the following tables are the 2016 LIHTC limits published on the Maryland Department of Housing and Community Development's website; these are the limits in effect while AREA was gathering market rent data. No properties known to be assisted or subsidized apartments were included in the data collection.

Exhibit VIII-27.
Median Rents for Market-Rate Units Located in Opportunity Areas

	Medians by County, Units in Opportunity Areas							
Unit Size	Anne Arundel	Baltimore County	Baltimore City	Carroll	Harford	Howard	No. of Units Identified	60% AMI Rent
Studio	NMF(3)	$975	NA	NA	$953	NMF(2)	16	$910
1BR	$1,488	$1,260	$1,056	$1,000	$1,000	$1,425	295	$975
2BR	$1,649	$1,450	$1,455	$1,249	$1,200	$1,649	503	$1,171
3BR	$1,950	$1,784	$1,650	$1,800	$1,695	$2,098	413	$1,353
4BR	$2,375	$2,450	NA	$2,525	$2,150	$2,668	102	$1,509
5BR	$3,000	NMF(3)	NMF(1)	NMF(3)	NMF(3)	NMF(3)	25	$1,665
Unit Count	455	428	19	76	166	462	1,606	

Note: NA indicates there were no units of that size identified for rent within the jurisdiction at the time of data collection. NMF(x) indicates that there were too few units of the size to establish a meaningful median. Units with more than five bedrooms were excluded from the sample because the number of such units in the collected data was too small to analyze; within the region, only 1.3 percent of occupied rental units have five or more bedrooms.

Sources: Applied Real Estate Analysis, Inc.; Maryland Department of Housing and Community Development.

As can be seen in Exhibit VIII-27, the median rent in every geography and at every unit size exceeds the maximum allowable rent for LIHTC 60 percent AMI units.[35] For larger units, the median rents substantially exceed the affordable rent maximums. Rents were highest in Anne Arundel and Howard counties, where the three- and four-bedroom units were 45 percent to 75 percent higher than the maximum allowable LIHTC 60 percent AMI rent.

The median rent represents the midpoint of the range of rents, with half of the sample rents higher and half lower. Thus, the table shows that at least half the apartments are unaffordable to households earning 60 percent or less than the area median income. However, the real issue is whether any market-rate rents would be considered affordable to low-income households.

[35] It is important to note that the 60 percent AMI rents are gross rents that include all utilities, whereas most market-rate listings typically include water and sewer and perhaps heat and cooking gas, but rarely include electricity. Thus, the advertised rents would have to be adjusted upward to be considered “gross” and the gap between the market and affordable rents would probably be even greater.

Exhibit VIII-28.
Percentage of Units with Rent Below 60 Percent AMI Rent in High and Very High Opportunity Areas

Unit size	Anne Arundel	Baltimore County	Baltimore City	Carroll	Harford	Howard	Maximum Rent: 60%
Studio	NMF(3)	36%	NA	NA	NMF(4)	NMF(2)	$910
1BR	4%	12%	NMF(6)	46%	36%	2%	$975
2BR	2%	16%	NMF(7)	16%	41%	1%	$1,171
3BR	1%	1%	NMF(5)	3%	7%	0%	$1,353
4BR	0%	0%	NA	0%	10%	0%	$1,509
5BR	0%	NMF(3)	NMF(1)	NMF(3)	NMF(4)	NMF(3)	$1,665

Note: NMF(x) = Not meaningful. The statistic is not considered valid if there are less than 10 units in a category.
NA indicates there were no units of that size identified for rent within the jurisdiction at the time of data collection.

Sources: Applied Real Estate Analysis; Maryland Department of Housing and Community Development.

As Exhibit VIII-28 shows, outside of Carroll and Harford counties, there are very few market-rate rental units that would be affordable to a household with income at or below 60 percent AMI. Households in this income range might be able to afford a one- or two-bedroom apartment in Carroll or Harford counties, if they could find one. Unfortunately, there are very few apartments at all for rent in Carroll County (80 total units identified) and Harford County (168 total units identified). As noted above, AREA collected data on every listing found in these two counties over the six-month data collection period. Therefore, not only are low-income households competing with each other for the small inventory of affordable market-rate units, they are also competing with more affluent households. The paucity of available rental units in these counties can be attributed to the fact that these two counties have the fewest households in the region and together account for only about 8.5 percent of the region's rental units. Also, a February 27, 2015 article in the *Baltimore Sun* on the boom in new apartments in Baltimore's central area indicated that the overall apartment vacancy rate throughout the Baltimore metropolitan area was 3.9 percent.[36] This is an indication of a tight rental market in which supply is not staying abreast of demand. The lack of meaningful units in Baltimore City reflects the lack of opportunity areas within the city.

[36] http://www.baltimoresun.com/news/maryland/bs-bz-apartment-bubble-20150227-story.html.

Overall, only 7.2 percent of the 1,606 opportunity area census tracts in the region had units in the sample that might be affordable to 60 percent AMI households. This demonstrates that any assisted apartment buildings offering units at rents affordable at that level or lower are providing a critical housing need not available in the marketplace in opportunity areas.

As might be expected, median rents tend to be lower in census tracts rated as low or very low on the opportunity scale. The few exceptions could be anomalies caused by comparatively small number of units sampled and the availability of units during the data collection period. There were so few units available for rent in non-opportunity areas in Harford and Carroll counties that we were unable to develop median rents for either county. Given the comparatively low rents in opportunity census tracts in these two counties, we conclude that the rents in non-opportunity areas are low enough to be affordable to households across a broad range of incomes, and thus they stay fully rented. This is consistent with the low-vacancy rate regionwide.

The rental market in non-opportunity areas reflects the ability of the lower-income households living there to be able to pay their rent. Low-income households congregate in these neighborhoods because that is where they can locate relatively affordable housing. The City of Baltimore and adjacent areas of Baltimore County have the largest percentage of market-rate rental units affordable to households with incomes below 60 percent AMI. However, even in these jurisdictions, rents are still unaffordable to households with incomes closer to the 50 percent AMI level. Based on the comparison of AREA’s data to ACS rents, the rents and percentages for Baltimore City in Exhibit VIII-29 and Exhibit VIII-30 are probably not reflective of the actual market conditions.

Comparing market rents to 60 AMI levels provides a gauge for the comparative affordability of rental units for lower-income households. However, for many households with very low incomes, rental subsidies are needed to make housing affordable. Those households fortunate enough to have obtained an HCV have a broad range of market-rate units from which to choose. The amount of rent the voucher holder pays remains the same no matter what the market rent may be. The rent subsidy covers the difference between what the voucher holder pays and the market rent, up to a predetermined maximum.

Exhibit VIII-29.
Median Rents by County, Units Located in Low and Very Low Opportunity Areas

Unit Size	Anne Arundel	Baltimore County	Baltimore City	Carroll	Harford	Howard	No. of Units Identified	60% AMI Rent
Studio	NMF(3)	$788	$1,132	NA	NA	NA	38	$910
1BR	$1,165	$1,012	$1,275	NA	NA	$1,582	186	$975
2BR	$1,344	$1,255	$1,440	NA	NA	$1,775	298	$1,171
3BR	$1,663	$1,617	$1,533	NMF(3)	NMF(1)	$2,196	166	$1,353
4BR	$1,925	$1,850	$1,550	NMF(1)	NMF(1)	NMF(3)	29	$1,509
5BR	NMF(4)	NA	NMF(2)	NA	NA	NA	6	$1,665
Unit Count	204	195	545	4	2	55	1005	

Note: NMF(x) = Not meaningful. The statistic is not considered valid if there are less than 10 units in a category.
NA indicates there were no units of that size identified for rent within the jurisdiction at the time of data collection.
Sources: Applied Real Estate Analysis; Maryland Department of Housing and Community Development.

Exhibit VIII-30.
Percentage of Units with Rent Below 60 Percent AMI Rent in Low and Very Low Opportunity Areas

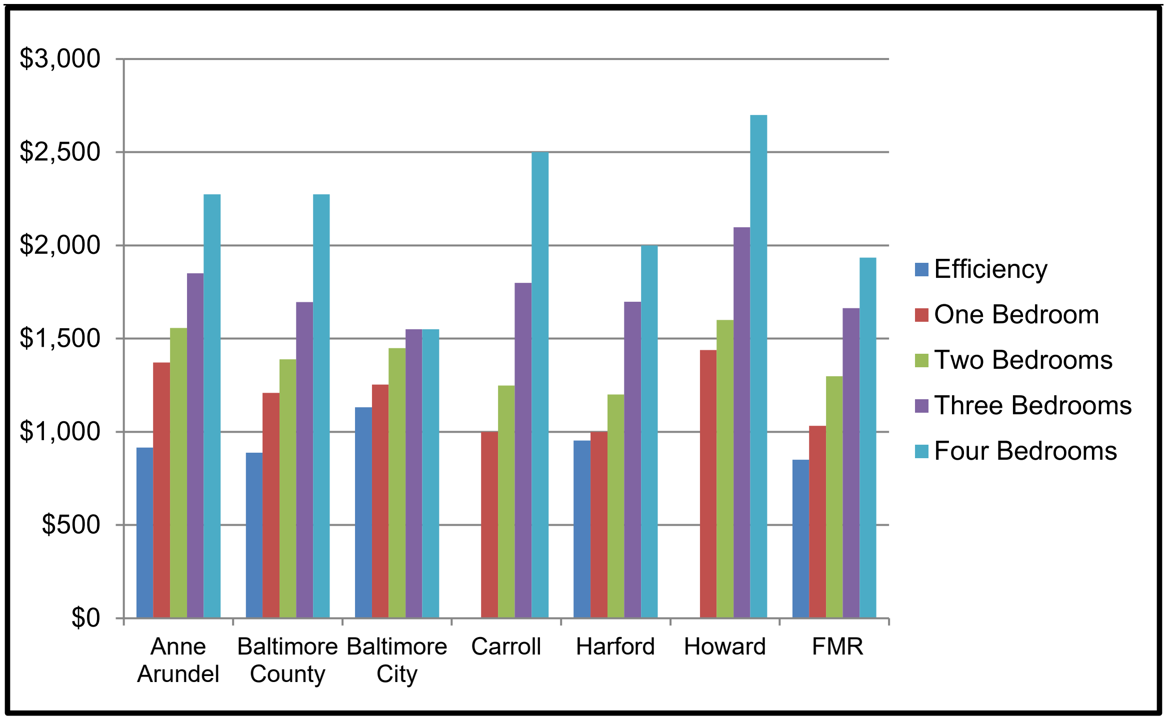
Unit Size	Anne Arundel	Baltimore County	Baltimore City	Carroll	Harford	60% AMI Rent
Studio	NMF(3)	80%	29%	NA	NA	$910
1BR	10%	49%	32%	NA	NA	$975
2BR	18%	40%	40%	NA	NA	$1,171
3BR	21%	17%	36%	NMF(3)	NMF(1)	$1,353
4BR	10%	NMF(7)	44%	NMF(1)	NMF(1)	$1,509
5BR	0%	NA	NMF(2)	NA	NA	$1,665

Note: NMF(x) = Not meaningful. The statistic is not considered valid if there are less than 10 units in a category.
NA indicates there were no units of that size identified for rent within the jurisdiction at the time of data collection.
Sources: Applied Real Estate Analysis; Maryland Department of Housing and Community Development.

HUD establishes Fair Market Rents (FMRs) for each metropolitan area. The maximum rent the local housing authority can pay for a unit leased by a voucher holder is typically within a range of 90 percent to 110 percent of the FMR for a given unit size. FMRs are typically set at the 40th percentile of the distribution of gross rents paid for standard quality dwelling units occupied by recent movers within the FMR's metropolitan area. Using median rents to compare to FMRs is reasonable, as Baltimore's FMRs are set at the 50th percentile due to an interim Final Rule issued in 2001 that sets FMRs at the 50th percentile in areas where voucher holders are highly concentrated. Also, it should be noted that FMRs are set at the metropolitan rather than county level. Higher rents in Anne Arundel and Howard counties are offset by lower rents in Baltimore City, where large numbers of rental units are concentrated.

Therefore, we compared AREA median rents to the FMRs for the Baltimore metropolitan area. In both Carroll and Harford counties, more than half of all units had rents below the FMR for the metropolitan area, except among four-bedroom units. Rents in Baltimore City also fell below the FMR, as most of the city is considered a non-opportunity area and the comparatively high market rents in revitalizing pockets are more than offset by the large areas with depressed market rents.

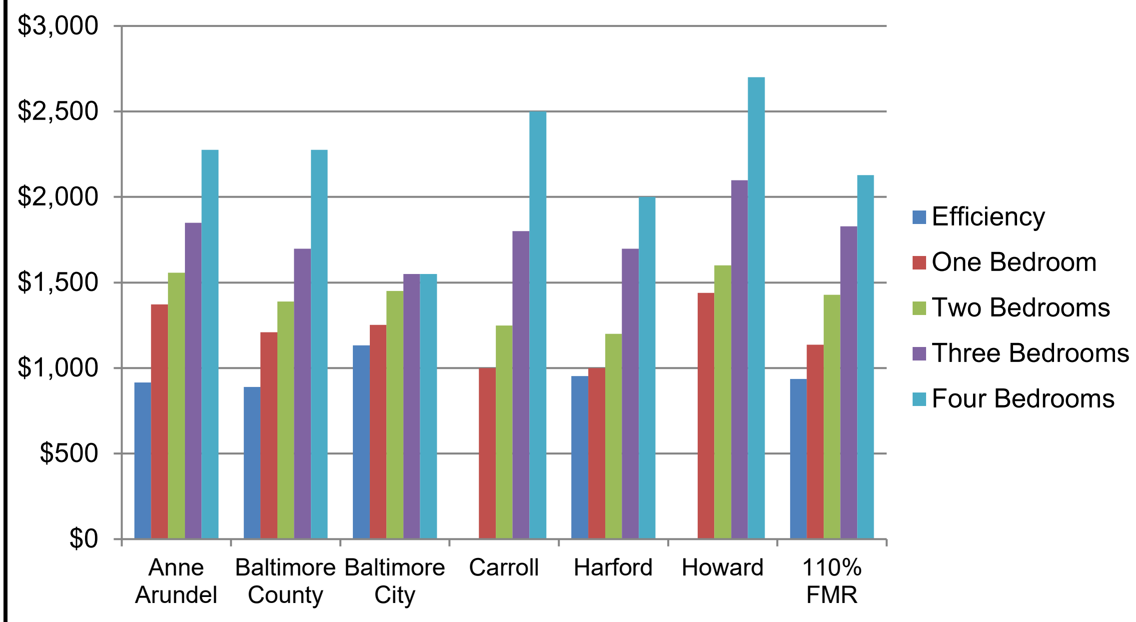
Exhibit VIII-31.
AREA Median Rents and FMRs in Baltimore MSA



Sources: Applied Real Estate Analysis, Inc.; HUD User, 2016 FMR for Baltimore-Columbia-Towson MSA.

In many metropolitan areas, some neighborhoods will have rents considerably above FMR. Therefore, HUD has historically authorized some housing authorities to pay rents higher than their FMRs would allow. A payment standard of 110 percent of FMR is allowed without HUD permission, at the discretion of local housing authorities, and thus we compared rents for units identified by AREA to this standard. However, as shown in Exhibit VIII-32, even at 110 percent of FMR, the payment limit is still below the median rents in Anne Arundel, Howard, and Baltimore counties. Again, this is because the lower rents in Baltimore City and Carroll and Harford counties offset the higher rents in the other counties when the metropolitan-wide FMRs are calculated.

Exhibit VIII-32.
AREA Median and 110 Percent FMR Rents

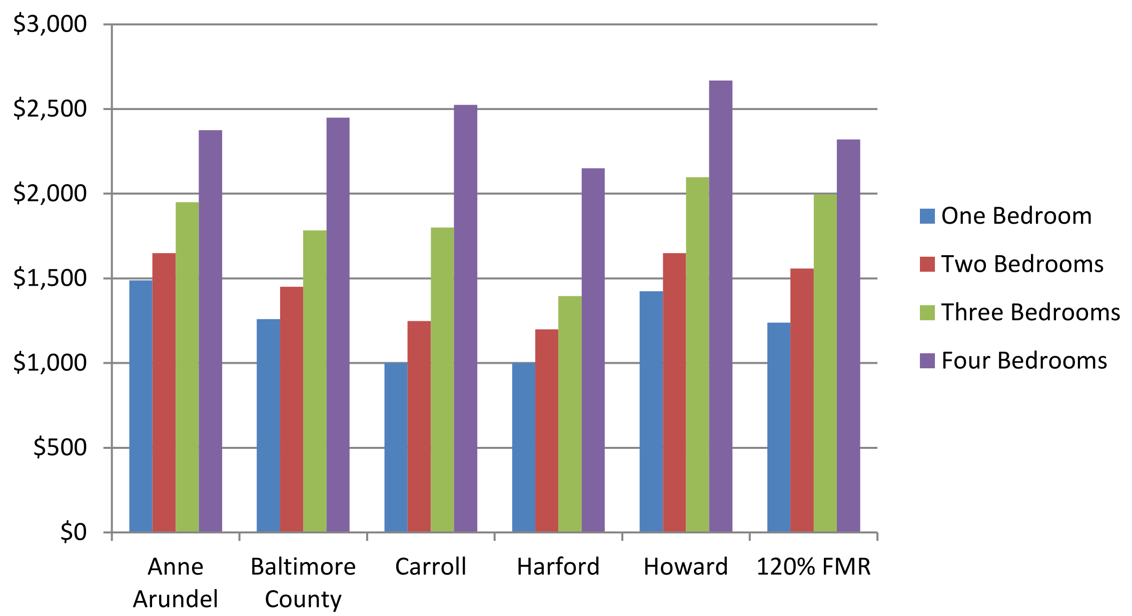


Sources: Applied Real Estate Analysis Inc.; HUD User, 2016 FMR for Baltimore-Columbia-Towson MSA.

Exception Payment Standards. In some cases, HUD may grant exception payment standards above 110 percent of FMR. For example, at one time Howard County had a 150 percent exception payment standard for Columbia, but it was subsequently reversed. In Baltimore County, households moving in to opportunity areas may secure an exception payment standard of 120 percent of FMR. Exhibit VIII-33 shows median rents in areas of high and very high opportunity in comparison with 120 percent exception rents.

Rents of 120 percent of median would be sufficient to broaden the housing choices of voucher households, but they would still be below the median rents for units on which we collected data in many opportunity area neighborhoods.

Exhibit VIII-33.
AREA Median Rents in Opportunity Areas, 120 Percent FMR Rents

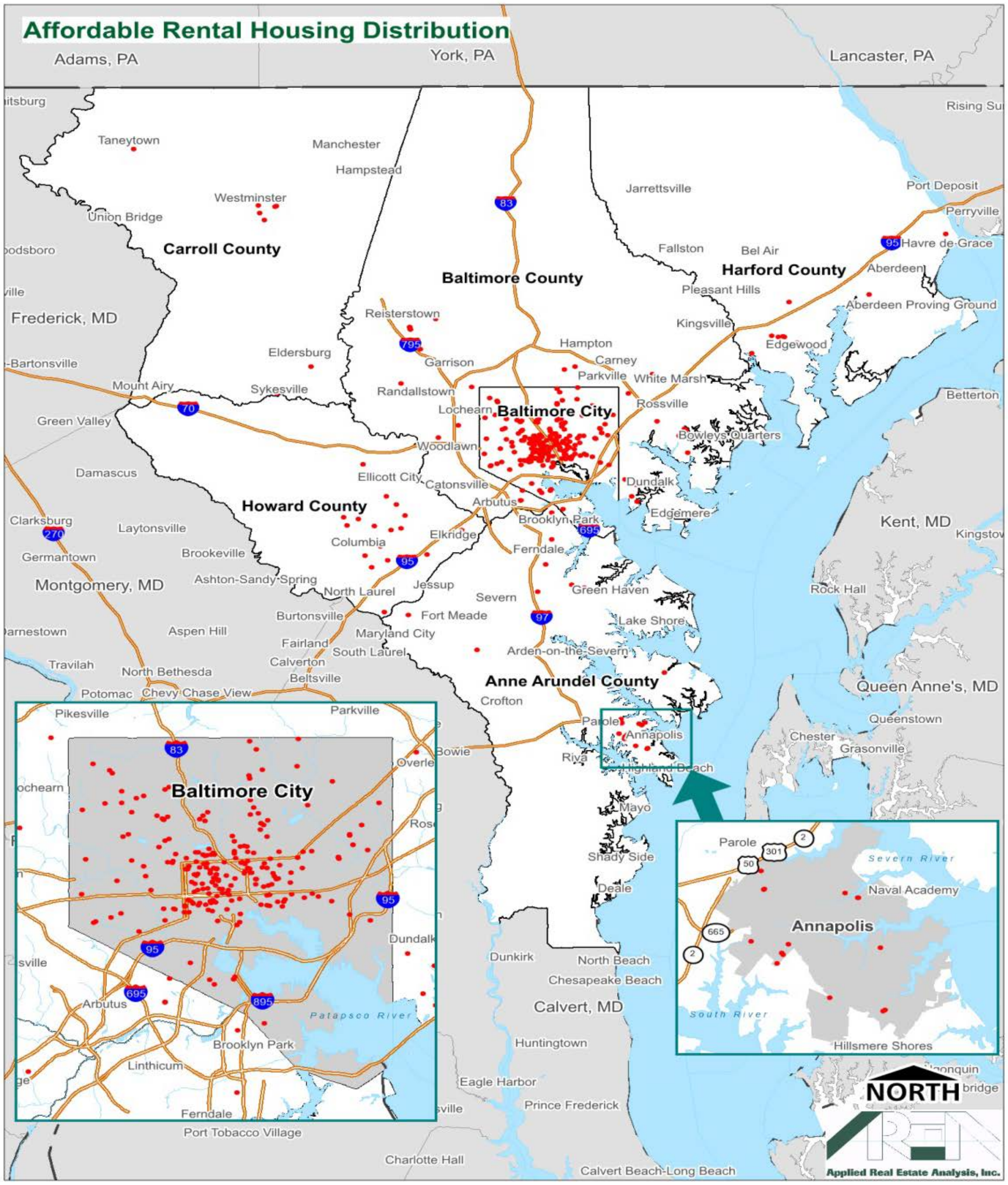


Sources: Applied Real Estate Analysis, Inc.; HUD User, 2016 FMR for Baltimore-Columbia-Towson MSA.

DISTRIBUTION OF AFFORDABLE HOUSING IN THE METROPOLITAN AREA

Affordable housing developments for families, including Low-Income Housing Tax Credit developments, are heavily concentrated in the center of Baltimore City. Of 323 developments, 71 percent are located in Baltimore City. There are small clusters in other communities, including 18 developments in Annapolis, 13 in Columbia, and 6 each in Glen Burnie, Essex, and Owens Mills. The remaining 45 developments are scattered throughout the five-county region, but even these developments are frequently close to one another. There are five developments in Westminster and Edgewood and four in Ellicott City. Affordable housing developments can be an important component in efforts to provide decent housing for low-income households. However, if those developments are clustered in neighborhoods of low opportunity, the effect is the same as concentrating voucher holders in low opportunity neighborhoods.

Exhibit VIII-34.



Source: Applied Real Estate Analysis, Inc.

DISTRIBUTION OF HOUSING CHOICE VOUCHERS

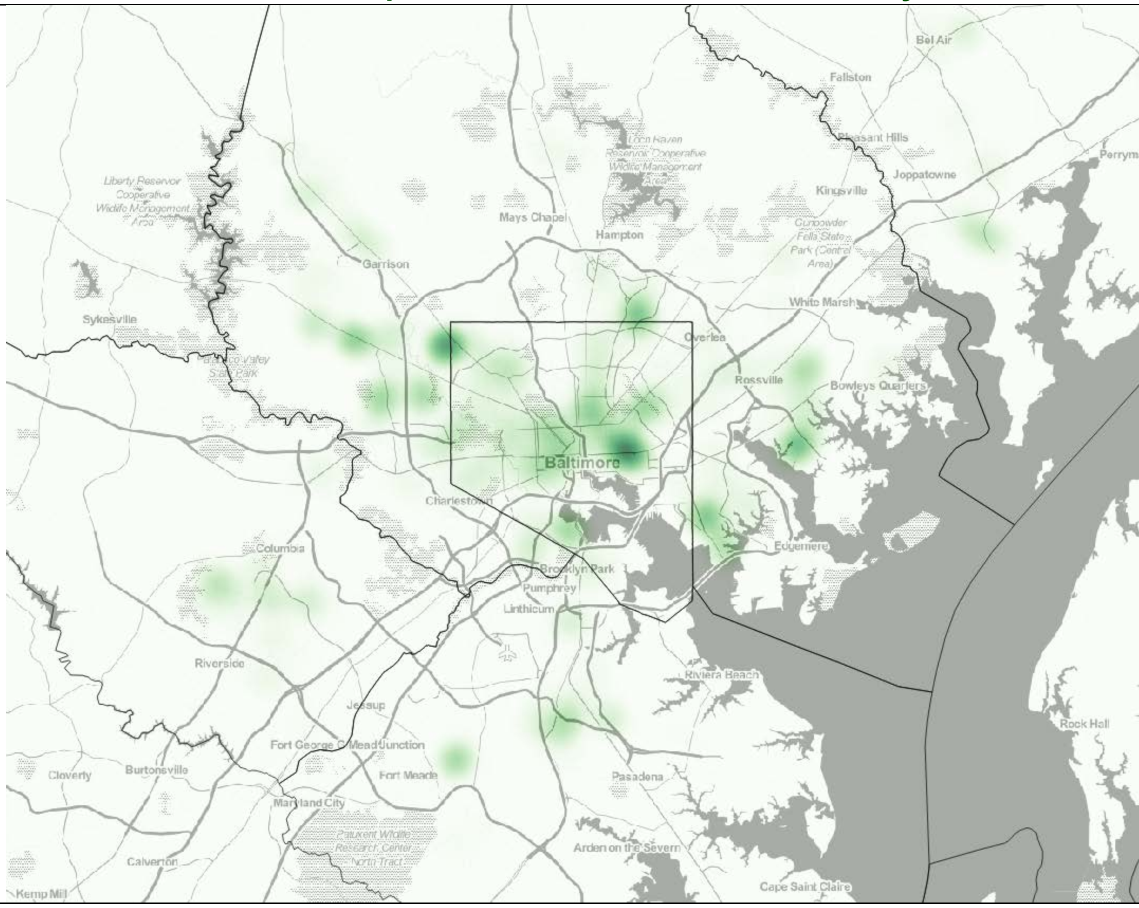
Using HUD data, the AREA team examined where HCV holders were living in 2013. Though there are individual vouchers holders located throughout the region, we used "heat" maps to show general geographic areas with concentrations of voucher holders.

Outside the City of Baltimore, which has the densest concentration of voucher holders in the region, the main concentrations are in Baltimore County. The Baltimore County Office of Housing received 6,345 vouchers for its program, according to HUD's website, although the number of vouchers in use is somewhat lower. To the west of Baltimore City, Woodlawn, Lochearn, Randallstown, and Pikesville all have concentrations of voucher holders. A lighter concentration of voucher holders extends along State Route 140 in Garrison, Owings Mills, and Reisterstown. Other Baltimore County concentrations of voucher holders are in Parkville, northeast of the city, and the eastern suburbs of Essex, Middle River, and Dundalk.

Outside of Baltimore County, there is a small concentration of voucher holders in the Harford County community of Edgewood. The City of Westminster, in Carroll County, has a concentration of voucher holders, primarily because the City's Housing Office has 293 vouchers available for area residents, of which an estimated 255 to 260 were in use in 2016. Westminster is the county seat for Carroll County; the County has a separate allocation of 649 available vouchers, of which 644 were in use as of February 2015.

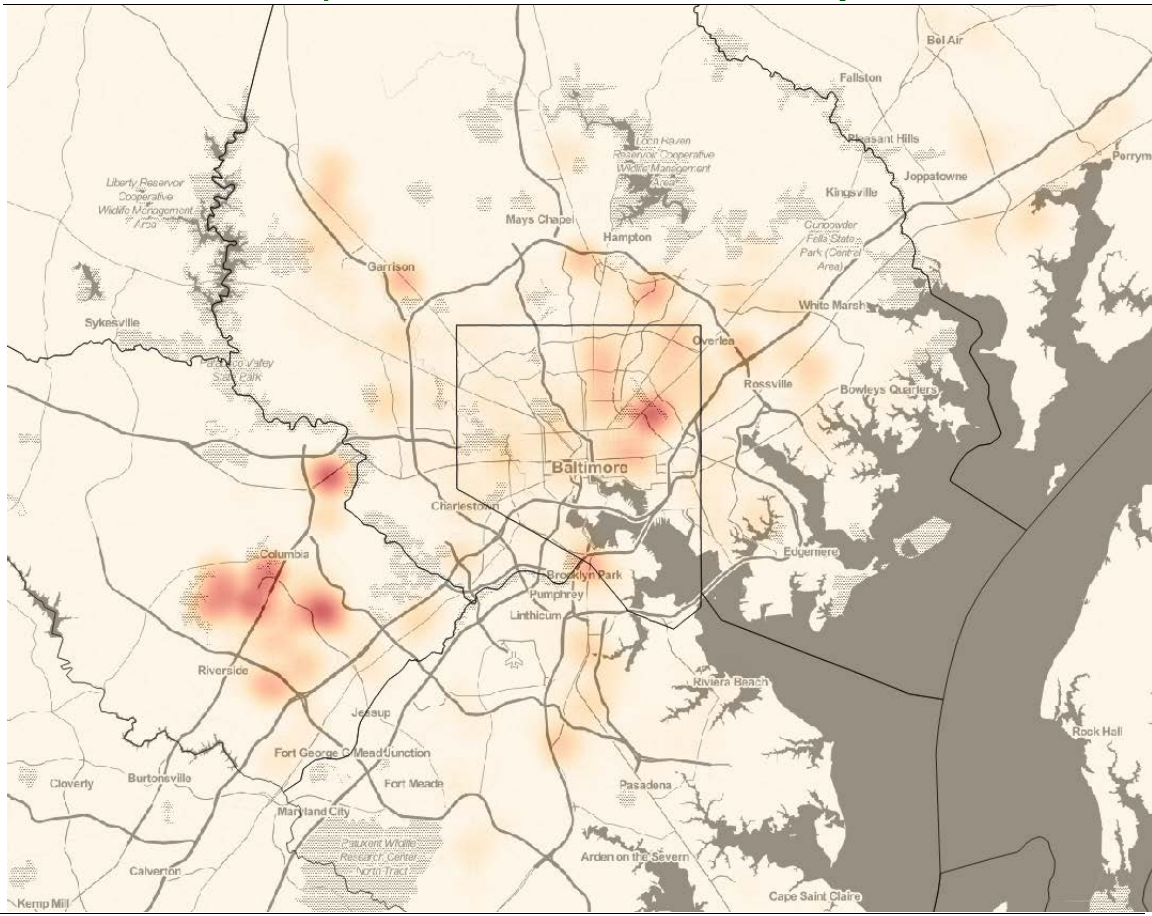
In Anne Arundel County, multiple HCV holders are found in the Lansdown-Brooklyn Park area adjacent to the City of Baltimore, in South Gate, and in portions of Glen Burnie. There is a lighter concentration of voucher holders in an area just east of Fort Meade and a small concentration in and around Annapolis. The Annapolis Housing Authority has authority to issue 384 vouchers, of which 351 were under lease in June 2016. The Anne Arundel County Housing Commission had an allocation of 2,099 vouchers in July 2016, but only 1,761 were in use. There were 1,055 vouchers available to county residents through the Howard County Housing Commission in 2016, and all of them were in use. In addition to a small concentration of its own voucher holders, Columbia appears to have a concentration of Thompson voucher holders.

Exhibit VIII-35.
Distribution of Non-Thompson Voucher Holders in the Study Area



Source: Urban Institute.

Exhibit VIII-36.
Distribution of Thompson Voucher Holders in the Study Area



Source: Urban Institute.

Thompson voucher holders tend to concentrate in many of the same geographic areas as voucher holders in general. However, areas of concentration for Thompson voucher holders appear to be more widespread. The densest concentration of Thompson households was in Columbia, but there were lighter concentrations in areas of Howard County around Columbia where other voucher holders were not concentrated. There was also a concentration of Thompson households in Ellicott City, which did not have a concentration of other voucher holders. In Baltimore County, concentrations of Thompson households in the areas northeast of the city cover a broader geographic area and extend father out from the city than do the concentrations of all voucher holders. There was a concentration of Thompson voucher holders in the small area of Harford County around Edgewood, where other voucher holders were also concentrated, but a light concentration of Thompson households extends father to the northeast into Abingdon and Belcamp. This same pattern was evident in Anne Arundel, where light concentrations of Thompson households were spread more evenly and in a broader corridor extending south from Brooklyn Park through Glen Burnie and South Gate, than smaller concentrations of other voucher holders in these communities.

REGIONAL CONSIDERATIONS

Regional Transportation

There are more than 117,000 households living in the Baltimore Region who do not have access to an automobile. Although a few households may choose not to possess a car, most households with no car have low incomes and simply cannot afford a car. These households are at a disadvantage in accessing jobs and services. Access to public transit is very important to these households for everyday activities such as shopping for food and clothing, obtaining medical care, and getting to work. Even if the trip to work requires changing modes of transit or accessing multiple transit routes, the commute can still be preferable to having no access to employment.

Of the transit-dependent households in the Baltimore region, approximately 62 percent are located In Baltimore City, where they have access to subway and light rail lines as well as a reasonably dense system of bus routes. Although the percentage of transit-dependent households is larger in Baltimore County than in the other counties in the region, it is less than one-third of the percentage of transit-dependent households in Baltimore City. Annapolis is a much smaller and more auto-oriented city than Baltimore, but it still has a percentage of transit-dependent households approximately three times as large as the remainder of Anne Arundel County.

The main provider of public transportation in the Baltimore region is the Maryland Transportation Administration (MTA). MTA operates a subway, light rail line, and 77 local and commuter bus routes. The bus system is heavily concentrated in Baltimore City and Baltimore County. It also connects with local bus routes in Harford and Howard counties and with local routes in Annapolis and Laurel in Anne Arundel County. Northern Anne Arundel County suburbs of Baltimore City have limited public transportation alternatives. Carroll County contracts with a private company to provide limited bus service to serve population and employment concentrations in the county. Exhibits VIII-38 and VIII-39 indicate how individuals within the region get to work.

Exhibit VIII-37.
Public Transit–Dependent Households

Counties	Percentage of Households without Access to an Auto				
	Anne Arundel*	Baltimore County	Carroll	Harford	Howard
All Households	3.4%	8.1%	4.3%	4.6%	3.5%
1-Person Households	7.9%	17.3%	14.2%	12.3%	10.4%
2-Person Households	1.7%	4.8%	1.7%	2.6%	2.0%
3-Person Households	2.4%	4.5%	1.6%	3.1%	1.3%
4-or-more-Person Households	2.2%	3.4%	1.4%	1.8%	1.5%

Cities	Percentage of Households without Access to an Auto	
	Annapolis	Baltimore
All Households	10.2%	30.3%
1-Person Households	15.9%	40.5%
2-Person Households	7.1%	22.2%
3-Person Households	8.3%	24.1%
4-or-more-Person Households	5.2%	25.6%

*Excludes Annapolis City.
Source: U.S. Census Bureau (2009–2013 ACS 5-Year Estimates).

Exhibit VIII-38.
Means of Transportation to Work: Counties

	Anne Arundel*	Baltimore County	Carroll	Harford	Howard
White (only, not Hispanic)					
Total	193,539	251,842	79,389	100,843	95,950
Car, truck, or van (drove alone)	83.0%	82.7%	84.1%	84.8%	82.6%
Car, truck, or van (carpooled)	7.3%	8.3%	8.2%	8.2%	6.0%
Public transportation (excluding taxicab)	2.4%	2.0%	1.0%	1.1%	3.0%
Walked	1.9%	1.9%	1.1%	1.2%	0.8%
Taxicab, motorcycle, bicycle, or other	1.0%	0.9%	0.5%	0.6%	0.7%
Worked at home	5.0%	4.1%	4.8%	4.1%	6.9%
African American					
Total	37,318	104,450	2,530	15,211	26,646
Car, truck, or van (drove alone)	78.8%	74.5%	73.3%	76.6%	80.8%
Car, truck, or van (carpooled)	8.9%	9.7%	13.5%	12.2%	6.8%
Public transportation (excluding taxicab)	7.5%	10.3%	1.3%	4.2%	6.2%
Walked	2.2%	2.1%	4.7%	2.3%	1.7%
Taxicab, motorcycle, bicycle, or other	0.9%	1.2%	1.0%	1.5%	1.1%
Worked at home	1.7%	2.2%	6.2%	3.0%	3.3%
Asian					
Total	9,909	21,727	1,459	3,296	22536
Car, truck, or van (drove alone)	76.8%	72.2%	81.5%	84.2%	75.2%
Car, truck, or van (carpooled)	12.8%	16.7%	11.9%	11.2%	14.1%
Public transportation (excluding taxicab)	4.5%	3.8%	0.9%	2.7%	4.0%
Walked	0.8%	2.8%	2.5%	1.0%	1.0%
Taxicab, motorcycle, bicycle, or other	0.5%	1.1%	2.1%	0.9%	0.4%
Worked at home	4.7%	3.3%	1.2%	0.0%	5.4%
Hispanic					
Total	13,859	16,854	2,286	4,112	8,845
Car, truck, or van (drove alone)	61.9%	63.8%	76.5%	83.5%	76.8%
Car, truck, or van (carpooled)	20.9%	19.2%	9.6%	10.6%	13.6%
Public transportation (excluding taxicab)	3.8%	7.3%	0.0%	2.7%	2.4%
Walked	1.0%	4.2%	6.3%	1.1%	2.5%
Taxicab, motorcycle, bicycle, or other	1.5%	2.5%	3.3%	0.0%	1.8%
Worked at home	3.4%	3.0%	4.2%	2.2%	2.8%

*Excludes Annapolis City.
Source: U.S. Census Bureau (2009–2013 ACS 5-Year Estimates).

Exhibit VIII-39.
Means of Transportation to Work: Cities

White (only, not Hispanic)	Annapolis	Baltimore
Total	13,042	92,889
Car, truck, or van (drove alone)	77.0%	67.9%
Car, truck, or van (carpooled)	6.1%	8.3%
Public transportation (excluding taxicab)	3.8%	7.7%
Walked	4.5%	9.4%
Taxicab, motorcycle, bicycle, or other means	1.5%	2.9%
Worked at home	7.2%	3.9%
African American		
Total	3,358	144,917
Car, truck, or van (drove alone)	68.1%	57.8%
Car, truck, or van (carpooled)	14.7%	10.4%
Public transportation (excluding taxicab)	7.9%	24.4%
Walked	1.2%	4.0%
Taxicab, motorcycle, bicycle, or other means	5.6%	1.5%
Worked at home	2.5%	2.0%
Asian		
Total:	536	8,077
Car, truck, or van (drove alone)	72.8%	50.7%
Car, truck, or van (carpooled)	6.5%	19.2%
Public transportation (excluding taxicab)	9.7%	16.8%
Walked	5.8%	17.1%
Taxicab, motorcycle, bicycle, or other means	2.1%	3.4%
Worked at home	3.2%	2.7%
Hispanic		
Total	3,351	13,078
Car, truck, or van (drove alone)	55.0%	42.9%
Car, truck, or van (carpooled)	22.7%	22.4%
Public transportation (excluding taxicab)	10.6%	18.6%
Walked	4.2%	14.5%
Taxicab, motorcycle, bicycle, or other means	5.8%	4.7%
Worked at home	1.7%	3.1%

Source: U.S. Census Bureau (2009–2013 ACS 5-Year Estimates).

It is not surprising that that a higher percentage of Baltimore City and Annapolis residents used public transportation to get to work than did the residents of the region's counties. Across jurisdictions minorities used public transportation to commute to work more frequently than Whites. This indicates that minority populations are more likely to be heavily transit dependent, and this transit dependency would hinder households trying to move from Baltimore City to suburban locations where there are fewer transit alternatives. Even if a transit-dependent household found housing near transit that would facilitate commuting to work, that transit line would also need to serve shopping and other community services on a regular basis.

Landlords

As part of the research on the impediments to Baltimore City voucher holders moving to opportunity areas, AREA attempted to interview suburban rental property owners and/or managers on their experiences with voucher holders. However, most landlords chose not to respond to our efforts, and we realized that we were unlikely to obtain enough reliable information on which to base conclusions.

From newspaper accounts and interviews with housing advocates, we know that some landlords do not lease to voucher holders. Housing advocate agencies, including the Public Justice Center, Homeless Persons Representation Project, and the Citizens Planning and Housing Association, discussed management companies that accept voucher holders in some of their properties but not others. Some accept voucher holders but put a cap on how many they will accept in a single development. This practice apparently occurs in both Baltimore City and Baltimore County. One specific example was cited in a *Baltimore Sun* article (Davis, 2013). The voucher holder seeking an apartment was quoted, "I'd stop by a leasing office and it'd be going well, but when I told them I had a voucher, they turned me away." The article indicated that landlords' negative response to voucher holders may stem from a combination of relying on the stereotype that voucher holders are troublemakers to not wanting to deal with the extra paperwork and effort required to lease to a voucher holder. For example, the unit must be inspected by the housing authority issuing the voucher, and then there may be additional time required for the tenant to accept the lease; the article quoted one Baltimore landlord who claimed the process can take up to a month. This perception could definitely impact a landlord's willingness to accept a voucher tenant, especially in a tight housing market, when the non-voucher tenant may be ready to take possession immediately,

There is limited literature on how landlords interact with voucher holders, though several studies have attempted to analyze the effect of vouchers on rent. One of the more recent studies found that the impacts of vouchers on rents were tied to the varying supply of vouchers in comparison to the elasticity of the housing market (Erickson, 2015). However, Eva Rosen, a postdoctoral fellow at Johns Hopkins University, has documented that voucher holders frequently pay more in rent than non-voucher holders and that many landlords in marginal neighborhoods in Baltimore develop business plans based on recruiting voucher holders (Rosen, 2014). She concluded that landlords in these neighborhoods play a significant role in contributing to the geographic concentration of voucher holders in certain neighborhoods.

We also interviewed directors of voucher programs in several housing authorities in the region and found that their experiences varied considerably. In Howard County, which has passed source-of-income legislation making it illegal to refuse to lease to someone because they are using a voucher to pay a portion of their rent, there is little landlord resistance. The interviewee said that occasionally the owner of a single-family home or a landlord with two or three small properties will resist leasing to a voucher holder. When confronted, they plead ignorance of the law. In addition, Howard County has strong outreach programs to work with landlords. The main limiting factor in Howard County is prevalence of rents that are above the payment standard.

According to interviews with local housing advocates, in Anne Arundel County there seems to be little resistance to voucher holders from the large rental complexes. However, the interviewee said that landlord resistance to vouchers is still prevalent among owners of single-family homes and small rental properties. Anne Arundel County has been particularly conscious of the need to work with landlords to streamline the process of leasing to a voucher holder, and it has a strong outreach program that has been able to overcome some landlord resistance to using the program. Carroll and Harford counties have much smaller programs; persons associated with running the voucher programs report less resistance and talked of landlords contacting them interested in becoming a part of the program. Across the region, landlord resistance to renting to voucher holders appears to be closely linked to the landlords' preconceptions about either the characters of the voucher holders as tenants or the "hassle" of working with the voucher program.

Housing Market/Neighborhood Search Information

Although information is becoming increasingly available for households who are Internet-savvy to find a home as well as the neighborhood of their choice, too few voucher recipients have access to this information. Lacking counseling and/or Internet access, voucher recipients located in cities across the country—not just the Baltimore region—often rely on limited apartment listing services, which are provided by local housing agencies. A key concern of these agencies is to identify affordable housing operated by voucher-friendly landlords—not always to find the broad range of available market-rate housing units.

Recently, a variety of Internet sites have been constructed that attempt to provide information to home seekers—both buyers and renters—to help them find not only their ideal housing unit but also a neighborhood that best meets their needs and preferences. Now available to the general public are websites such as "PlaceILive," "Walkscore," and "PicketFencer" that address questions not only about housing costs and unit characteristics, but also questions such as: Is the neighborhood safe? Are there good schools? Are exercise classes readily available? What restaurants and entertainment venues are located in the area? Similarly, sites such as "StreetAdvisor" offer to identify the “best neighborhoods” in specific cities and allow home seekers to specify preferences in various categories, such as people (professionals, retirees, hipsters, students, families); price range (from super wealthy to low income); character (neighborly or peaceful); and activities (shopping options and nightlife). “StreetAdvisor,” which is linked to Zillow for related information on available rental units, enables people seeking rental units to quickly identify units in their preferred price range, unit type, and neighborhood.

Sites such as Zillow, Apartments.com, and Craigslist have long offered assistance in locating particular housing units within certain unit sizes, rent ranges, building types, and specific amenities and features. However, renters had to search a wide variety of additional sites to obtain information about the neighborhoods in which the units were located. Sites such as “greatschools.org” provide information about school quality, local crime reports in some communities provided crime data, and the Census Bureau site was available for demographic information. However, the search for detailed neighborhood information available from numerous sources was time consuming, arduous, and required skills that few home seekers had. Although the new sites have limitations (PicketFencer is limited to the New York City area), they offer to quickly match home seekers with neighborhoods that correspond to their preferences.

Voucher recipients as well as market-rate renters have access to these neighborhood search sites, but all too frequently voucher households in many cities instead are referred to apartment listing services that identify affordable housing options. Fortunately, the Baltimore Regional Housing Partnership provides additional counseling to households with Thompson program vouchers to assist with housing and neighborhood searches, including three direct referrals to each voucher holder for available units in opportunity areas and affordable for the household. For Thompson and other affordable housing seekers in the Baltimore region, the Maryland Department of Housing and Community Development has an apartment search site (MDHousingsearch.org) that is accessed via SocialServe, which has listings for rental units located throughout the state. Individual unit listings include not only unit features, rent, utilities, parking availability, and building features, but also distance to neighborhood features, such as playgrounds, other recreational facilities, grocery stores, and public transportation stops. The site’s listings also indicate if a property accepts vouchers.

SocialServe, GoSection8, affordablehousingonline.com, and other affordable housing sites are similar to general apartment listing services, such as rent.com, which focus on unit and rental property characteristics and provide some information on proximity to services and facilities but do not assess neighborhood characteristics or quality. Unfortunately, research by the Poverty and Race Action Council suggests that many of the listings available on these sites are located in high poverty neighborhoods. As a result, voucher recipients searching for housing are not readily exposed to rental units available in opportunity neighborhoods (Gayles, 2015).

In general, counseling and efforts to make voucher households more aware of the services that are already available in the private housing market could greatly facilitate efforts to move voucher recipients to opportunity neighborhoods. Although households participating in the Thompson voucher program receive assistance with their housing searches, most voucher recipients could benefit from better access to information on market-rate housing, including access to Internet-based search sites.

IMPEDIMENTS TO MOBILITY

The impediments to mobility for voucher households are numerous and intertwined and will vary by the needs and priorities of the individual household. We identified four key issues.

Housing Market

A significant impediment to voucher holders moving to suburban locations, and especially to areas of opportunity, is the price of housing in relation to FMRs. The disparity between median rents collected by AREA and FMRs was greatest for units with three or more bedrooms. In opportunity areas, households could have difficulty finding a unit they could afford even if they were able to pay 120 percent of FMR. Finding a suitable unit is even more difficult for renters with large households. Over 90 percent of occupied housing units with four or more bedrooms are owner occupied.

Another important impediment to mobility for Baltimore City households that may be searching for a suburban location is competition. In each of the suburban counties there are agencies that issue Housing Choice Vouchers. Residents of those counties provide strong competition to Baltimore City residents for the limited supply of units that may be affordable to voucher holders.

The issue of high rents for market-rate units is compounded by the lack of affordable assisted insured housing in the suburbs, especially in opportunity neighborhoods.

Transportation

Transportation is a factor limiting mobility for a subset of voucher holders. Although the comparative paucity of public transportation in the suburbs relative to the city may not affect many voucher holders, it is a particularly severe limitation for transit-dependent households. Even if a household is able to locate a unit that is transit convenient for work, it may not be as convenient for school or shopping.

Landlords

Although it is difficult, perhaps impossible, to quantify, landlord resistance to renting to voucher holders is an impediment to those voucher holders trying to move into opportunity neighborhoods, as indicated by housing advocates. The advocates cite the practice of management companies accepting voucher holders in some of their developments and not others as an indication that resistance is strongest in comparably more affluent neighborhoods. Based on the research of Eva Rosen (2014) and comments from the housing advocates, it is apparent that the landlords' role in limiting mobility is a two-sided issue. In addition to landlords who may not want to be bothered renting to voucher holders, landlords who recruit voucher holders and steer them to other city neighborhoods also play a role in limiting mobility and concentrating voucher holders geographically.

Voucher Holder's Perceptions

In addition to the external factors that can limit mobility for voucher holder, the voucher holder's limited life experiences may also make it difficult for them to venture too far geographically when searching for a new place to live. Researchers at Harvard and Johns Hopkins interviewed voucher holders in Baltimore and Chicago who were involved in Moving to Opportunity programs (Edin, 2012). They found that, in addition to the structural issues of the housing market, landlord resistance, and lack of transit access, the voucher holders themselves often had perceptions of where they belonged and had developed coping mechanisms that enabled them to continue to live in high poverty areas. These perceptions and coping mechanisms make voucher holders susceptible to landlords who recruit them to stay in non-opportunity neighborhoods.

Approaches to Addressing Limitations to Mobility

Though suburban landlord resistance to vouchers holders may provide one limitation on mobility, it is probably secondary to and reinforced by the high rents on rental properties in the more desirable neighborhoods. In addition, mobility is also inhibited by landlords in city neighborhoods who recruit voucher holders and encourage them to stay in high poverty neighborhoods. This pull to remain combined with even modest landlord resistance makes it easy for many voucher holders to not make the effort to move to a new and unfamiliar environment.

The main recommendation for addressing both sides of this issue is education and counseling. Edin, DeLuca, and Owens (Edin, 2012) concluded that without support, voucher holders are less likely to be aware of, and seek out, areas of opportunity. Additional counseling is needed to help these households navigate the suburban landscape. At the same time, renewed efforts to recruit and educate suburban landlords about the voucher program and character of voucher holders as tenants will help reduce some of the resistance to leasing to voucher holders. Educational efforts should be reinforced, and housing authorities should streamline their voucher leasing process to make them as easy and seamless as possible. All of these efforts will be reinforced with the eventual passage of source-of-income legislation, as discussed in the analysis of institutional barriers to mobility in the next section of this report.

High prices for rental units in opportunity areas could be addressed with higher exception rents or the use of small area FMRs that help to capture the differences in rents between neighborhoods. However, both solutions have cost implications. Because housing authorities have limited funds for vouchers, higher subsidies for some households results in fewer households receiving assistance. More affordable housing in opportunity areas would help alleviate this situation, especially if the affordable housing were developed proximate to transit to lessen the limitations on mobility for transit-dependent households.

SECTION IX.
BARRIERS TO DEVELOPMENT OF ASSISTED/INSURED FAMILY HOUSING

This section looks at the obstacles and constraints faced by local government, developers, and/or nonprofit organizations in their efforts to increase the supply of affordable housing for families in the study area. The review of housing stock characteristics in Section VIII focuses on the nature of the rental stock and its importance in the housing market. In this section, recent construction activity levels are examined using building permit data to determine if progress is being made in increasing the supply of rental housing. The analysis continues with an examination of state funding criteria, planning and growth management policies, and regulatory barriers at the state and county levels, expanding upon previous analyses of impediments (hereinafter referred to as AI reports) prepared in 2010 and 2011.

METHODOLOGY

AREA completed the following tasks:

- Review of AI reports on "Impediments to Fair Housing Choice" completed by the consulting firm Mullin & Lonergan Associates in 2011 and 2012, as they relate to state and local government policies and ordinances.[37]
- Review of the Baltimore Regional Housing Plan and Fair Housing Equity Assessment, issued in November 2014 by the Baltimore Metropolitan Council and the Opportunity Collaborative.
- Review of the literature, both national and local, on barriers to the development of new affordable housing.
- Interviews with staff at housing agencies and planning/zoning departments in the suburban counties, the City of Annapolis, and the City of Westminster as well as a review of published information to learn about recent efforts to encourage provision of affordable housing and to understand existing incentive programs.

[37] Carroll County was not included in the scope of services for the Mullin & Lonergan reports, and we found no evidence of an AI report having been completed since that time. AREA's scope of services for this research did not require preparing a full AI report for Carroll County. However, AREA reviewed Carroll County planning documents, zoning codes, rental housing programs, and housing production incentive programs. The County did participate in the Opportunity Collaborative.

- Examination of the Maryland Qualified Allocation Plan, which sets forth the criteria for awarding Low-Income Housing Tax Credits (LIHTCs), as this is the major source of funding for construction of new affordable rental units.

- Review of growth management programs, master plans, and zoning ordinance provisions for the State of Maryland, suburban counties, and local jurisdictions in the study area. This task included review of parking requirements affecting new residential development costs.

- Obtaining information on progress made by the State of Maryland and local jurisdictions in adopting so-called “source of income” legislation, which prohibits landlords in privately owned market-rate apartments from discriminating against HCV holders when seeking tenants to fill vacant apartments.

- Examination of multifamily development fees, including building permits, infrastructure fees, and required inspections.

HOUSING DEVELOPMENT ACTIVITY

Exhibit IX-1 summarizes building permit activity for each suburban county and the City of Annapolis by type of structure.[38] Whereas most new single-family houses are built for sale, a portion is rented (especially townhouses). Similarly, multifamily units include both rentals and condominiums.[39] Also, not all units for which permits are issued get built.

Clear differences can be seen among the jurisdictions. During the eight-year period indicated in the exhibit, nearly 43,500 residential building permits were issued, of which 66 percent were for single-family homes (both detached and attached), and 34 percent were in multifamily buildings with two or more units. Just over 60 percent of total permits were issued in unincorporated Anne Arundel and Howard counties, and another 19 percent in Baltimore County. Looking at multifamily permits, Anne Arundel accounted for 38 percent, with 27 percent in Howard County and 20 percent in Baltimore County. Multifamily construction activity increased in Harford County. In Carroll County, apartments are still a very small share of total permits.

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[38]Single-family permits include townhouses, which are considered single-family attached units. Multifamily permits include all other structures with two or more units. Very few units were in buildings with only two to four units.

[39]Permit data reported for individual jurisdictions do not distinguish between large multifamily buildings with 20 or more units and those with 5 to 19 units. Nationally, units in these larger buildings accounted for 84 percent of all multifamily units in 2015.

Exhibit IX-1
Residential Building Permits Issued in Suburban Baltimore Jurisdictions
2008–2015

Jurisdiction	Units, 2008–2015 Total	Single Family	Multi-Family	Share of Total Units Single Family	Multi-Family
Anne Arundel County	14,547	8,929	5,618	61.4%	38.6%
City of Annapolis	420	389	31	92.6%	7.4%
Unincorporated Anne Arundel County	14,127	8,540	5,587	60.5%	39.5%
Baltimore County	8,021	5,059	2,962	63.1%	36.9%
Carroll County	2,172	1,928	244	88.8%	11.2%
Harford County	6,441	4,527	1,914	70.3%	29.7%
Howard County	11,740	7,715	4,025	65.7%	34.3%
Total	42,921	28,158	14,763	65.6%	34.4%

Note: Single family includes both detached and attached. Multifamily includes all other units, regardless of structure type.

Source: U. S. Bureau of the Census.

Review of Previous Reports

As indicated above, reports on barriers and impediments to fair housing choice were completed in 2011 and 2012 for all study area jurisdictions (other than Carroll County). Research was conducted primarily in 2010 and reflects state and local planning, zoning, and other policies and programs in effect at that time.

The Opportunity Collaborative, a partnership comprised of state and local agencies and nonprofit groups in the greater Baltimore area, was formed in 2012 to create a regional plan for sustainable development and formulate strategies for implementation. The Baltimore Metropolitan Council (BMC) was charged with staffing and supervising the planning process and formulating implementation strategies. The collaborative issued a housing plan in November 2014 that identified impediments to expanding affordable housing choices in the region. The BMC prepares periodic updates on the status of plan implementation efforts.

Comments from these reports and updates regarding policy and program changes made since 2011 are presented later in this section. Although the 2011 AI and BMC/Opportunity Collaborative reports covered challenges facing development of senior housing and the need to better serve low-income persons with disabilities, AREA's research as part of this report focuses on affordable family housing.[40]

LITERATURE SCAN OF REGULATORY BARRIERS

One of the key research objectives of the *Thompson v. HUD* settlement is an assessment of the barriers that preclude development of affordable housing in communities of opportunity. AREA conducted a scan of literature focused on those regulatory barriers that affect the development of new affordable housing without necessarily enhancing public safety and identifying best practices that are working to address these barriers.

Key regulatory barriers in the literature are categorized by those that 1) impose additional cost burdens on development or construction and 2) constrain the supply of either land or housing. Parking regulations and inclusionary zoning tend to fall into both groups and are often viewed as both the problem and the solution. Finally, best practices are identified to provide insight for overcoming regulatory barriers to affordable housing development.

Regulations That Contribute to Higher Housing Costs

The general consensus of the literature is that regulations negatively impact the development and availability of affordable housing. Regulatory barriers have expanded and accumulated over the past three decades, resulting in exacerbated affordability conditions in a number of cities, particularly high-growth metropolitan areas. The cost of regulation is trending higher, increasing nearly 30 percent since 2011 and rising more than twice as fast as the increase in disposable income per capita (Emrath, 2016).[41]

Regulatory burdens at all levels of government add to affordable housing development costs but are most evident at the local level. In addition to having to adhere to the same building code and development regulations as market rate projects, affordable developments are characterized by long pre-development periods, challenging sites of size or environmentally hazardous conditions, complex and layered funding from public and private sources, and difficult community acceptance. Longer project assembly leads

[40] The summaries in Section IX focus on the housing needs of families, although many of the documents reviewed by AREA also included zoning, planning, and housing incentive programs that address the unique needs of low-income seniors and persons with disabilities.

[41] The National Association of Home Builders completed a special study focusing on the costs of government regulations on the home-building industry and price of a new home and how they have changed over time. Based on a survey of single-family home developers nationwide, the study found a 29.8 percent increase in overall regulatory costs between 2011 and 2016; this compares with a 14.4 percent increase in disposable per capita income in the same time frame.

to additional soft costs (for site planners, architects, and attorneys) and holding costs. Higher code standards are often required of affordable housing developments to qualify for grant funding or incentive programs, which can include LEED certification, ADA compliance, historic preservation, and higher quality materials. Policies, programs, and regulations that allow or require community input increase both costs and risks through time delays, imposition of design changes that decrease scale and/or increase required parking, and also create financial gaps. Stricter standards for affordable development often prevent new and more innovative design and construction that could achieve more affordable housing options.

Regulations That Increase Housing Costs by Constraining Supply

Housing is a prime example of a product that reflects the laws of supply and demand. The literature consistently points to government-imposed land use and development constraints as a primary contributor to higher housing costs. A decades-long trend toward lower densities is contributing to the high cost of living in many places. As an example, the city of Los Angeles was zoned to accommodate 10 million people in 1960 but through steady downzoning over three decades was zoned to accommodate just over four million people in 1990. With growing population and declining densities, the city's capacity for housing has been dropped from 25 percent of capacity in 1960 to 88 percent of capacity in 1990 (Morrow, 2013).

Zoning regulations that limit the scale, density, and quantity of multifamily development were most impactful on housing prices. In many communities, multifamily zoning is limited to undevelopable areas or prohibited entirely. Minimum lot sizes and low-density zoning encourage large home development and serve as primary barriers to development of affordable housing and drivers of higher housing costs. Regulatory constraints on height, density, floor area coverage, parking requirements, and setbacks individually and collectively limit scale and drive housing prices higher.

Parking Regulations

Parking regulations were among the most frequently cited constraints on both affordable and market-rate housing development. Parking minimums that are uniformly required of housing developments without flexibility or regard to a project's proximity to transit or type of housing add construction-related costs to the project and constrain supply, taking up otherwise developable space where more units could be provided. Where land is limited, parking costs can be an even greater issue due to the need for structured parking or belowground parking. For affordable developments, parking may be included within restricted rent levels at no extra charge, further limiting the developer's ability to recoup costly parking expenditures.

Impact of Inclusionary Zoning Practices

The majority of the literature suggests that inclusionary zoning, where zoning ordinances require that approvals or variances be contingent on the provision of below-market housing units, yields the best access to affordable housing in opportunity areas. The most effective programs are mandatory rather than voluntary, achieved without government subsidies but rather by granting height or density bonuses. In these markets, the ability to meet additional demand for market-rate units through density or height bonuses can offset the losses associated with providing affordable units. Pricing is important, however; units must be priced low enough to meet affordability thresholds but cannot be priced so low that the totality of the market-priced units cannot offset them.

Inclusionary zoning has withstood critics who are both advocates and opponents of affordable housing and is currently utilized by more than 500 cities and counties in 27 states. Legal challenges brought by developers contend that the practice acts as a "taking" by constraining the property's highest and best use. To date, these lawsuits have failed to show that inclusionary zoning practices are takings that constrain supply or drive up the cost of construction. Other critics contend that inclusionary zoning programs do not go far enough to serve the people with the greatest need (those under 50 percent of AMI). In New York City, the City has combined multiple economic incentive programs to achieve deeper (lower) household income goals.

BEST PRACTICES AND RECOMMENDATIONS

Local and regional governments can alleviate or prevent the unintended accumulation of regulations that adds costs to the already low margins associated with affordable housing development and construction in a number of ways. We have listed below a few of the best practices employed by local and regional governments to address key regulatory barriers to affordable housing development. A more complete list is found in Appendix D.

Property Assembly and Development

- Create a "first look" program whereby affordable housing developers are given the right of first refusal in the disposition of public land.

- Simplify and streamline the entitlement, approval, and permitting process. Cities such as San Diego and Austin have implemented expedited review processes and fee waivers for affordable housing projects. Rhode Island imposes strict deadlines for decision making, and Massachusetts has developed a model set of permitting practices that emphasize predictability and "by right" zoning criteria, with uniform timelines across localities for affordable housing projects.

- To preserve existing housing stock, increase government funding for accessibility, energy efficiency, and general maintenance modifications to existing housing stock.

- Reduce jurisdictional fragmentation by coordinating building codes, zoning procedures, regulations, and planning processes at a regional level. Models are commonly found in regional plans. Nashville and Davidson County, Tennessee, share unified codes for land use, building, and safety for the region.

- Make rehabilitation a unique regulatory category and include requirements for structural integrity, safety, and energy efficiency that do not set the same costly standards as new construction. New Jersey created a set of code requirements for existing buildings.

- Support alternative housing options and innovative building techniques such as microunits, accessory dwelling units, and prefabricated housing (modular, panelized, or manufactured housing). NextStep, a Kentucky nonprofit homebuilders network, is developing partnerships with prefabrication industries and achieving cost efficiencies and innovation.

- To address opposition to affordable housing—often referred to as NIMBYism—the Institute for Local Government recommends three key components to engage the public and secure support: 1) implementing early a well-designed, clear, and timely communication plan; 2) addressing different points of view in presentation of developments, particularly controversial issues; 3) validating participation and ensuring that public views are welcomed and respected. The Chicago Metropolitan Planning Council utilizes bus tours of successful developments to address perceived concerns and overcome resistance from community residents.

Zoning

- Expedited review and permitting for affordable housing developments can be provided at no cost, with clear and consistent expectations for inspection reviews and permitting timelines to reduce holding costs and risks. The Montgomery County, Maryland, Green Tape program provides expedited review and permitting of housing developments that include 20 percent or more moderately priced units.

- Implement zoning reform to permit higher densities, taller buildings, relaxed lot coverage maximums, and larger developments, all of which take advantage of economies of scale and would allow more affordable housing development.

- Allow “by right” development at the local and/or state level, which can provide both zoning relief and decreased time delays. Massachusetts and Connecticut have by-right policies that allow affordable housing “by right,” permitting developers to build at higher densities in locations where less than 10 percent of housing is affordable.

Parking

- Relax parking requirements by allowing offsite parking to be provided within a half-mile of an affordable development. Seattle eliminated parking requirements in the center city and reduced by half parking requirements in transit-served neighborhoods. A wave of new development ensued with little or no parking requirements.

- Implement flexible parking requirements based on site characteristics and surrounding land uses. Examples include Boston, San Francisco, and Seattle. Denver, Minneapolis, and New York City have also lowered parking minimums based on the type of housing or proximity to transit.

Inclusionary Zoning

- Inclusionary zoning is a municipal tool designed to increase the development of new affordable housing units by requiring or encouraging developers to provide below-market rate units in exchange for development incentives that allow for higher density, expedited approval, or fee waivers. Inclusionary zoning depends on sufficient revenues from market-rate units to offset the lower rents charged for subsidized units. As a result, inclusionary zoning works best in strong housing markets.

- Ideally, incentives enable the development to generate enough additional revenue to offset the loss from the below-market set-aside. However, in softer markets or when deeper subsidies are required to target low- or very-low-income households, additional municipal, county, or federal government assistance programs can be combined with inclusionary zoning policies to bridge the financial gap created by providing below-market housing units.

- To achieve lasting affordability, inclusionary zoning programs require long-term affordability periods, ranging from 30 years to 99 years. States such as Massachusetts, Michigan, and Vermont require perpetual affordability periods. Montgomery County, Maryland, moved from a five-year affordability period to a perpetual affordability requirement to stem the loss of inclusionary housing units to market rates. In Fairfax County, Virginia, the County retains a right of first refusal to purchase homes that have reached the end of their affordability period (Hickey, 2014).

EXHIBIT IX-2.
Share of Total Acreage in Five Suburban Baltimore Counties by Land Use, 2010

		Percent of Total Acreage by Land Use							
		Residential							
County	Total Acreage	Very Low Density[1]	Low Density[2]	Medium Density[3]	High Density[4]	Commercial /Industrial[5]	Other Developed[6]	Total Developed	Total Resource Lands[7]
Anne Arundel	265,437	4.7%	15.9%	13.2%	3.1%	6.0%	7.9%	50.9%	49.1%
Baltimore	384,785	7.3%	13.1%	10.5%	4.5%	5.7%	6.0%	47.1%	52.9%
Carroll	286,186	8.0%	14.7%	2.5%	0.4%	1.9%	1.9%	29.4%	70.6%
Harford	280,726	7.8%	13.3%	4.6%	1.6%	2.5%	7.9%	37.7%	62.3%
Howard	161,176	8.6%	17.8%	10.1%	3.0%	5.7%	5.5%	50.6%	49.4%

Notes:
[1] Greater than 0.2 units per acre and less than one unit per acre.
[2] One to less than 3.5 units per acre.
[3] 3.5 to less than 10 units per acre.
[4] Ten or more units per acre.
[5] Includes retail, wholesale, telecommunications, boat marinas, warehouses, manufacturing, storage yards, labs, and associated parking areas.
[6] Includes transportation and institutional uses (schools, military installations, churches, medical/health facilities, correctional facilities, campgrounds, government offices, airports).
[7] Agriculture, forest, mineral extraction, barren, and wetland acreage.

Source: State of Maryland, Department of Planning. Residential density classifications are based on state definitions, which may not reflect those used by individual counties.

IMPACT OF STATE PLANNING AND DEVELOPMENT POLICIES AND REGULATIONS ON AFFORDABLE HOUSING DEVELOPMENT

The Maryland Department of Planning is responsible for implementing state land use legislation. It also provides technical assistance to local jurisdictions as well as mapping resources, demographic and economic data, and information on best practices in land use.

To track changes in land use and allow comparisons among jurisdictions, the department created generalized land use categories and measured acreage for each of the counties in 2010, as shown in Exhibit IX-2.[42] There are four residential categories; the highest density category is for development with at least 10 units per acre.

Although these measurements are a few years old (and predate the uptick in multifamily development activity post-recession), they indicate the relative scarcity of land occupied by medium- and high-density residential uses. Most affordable multifamily housing is built at densities higher than 10 units per acre, yet none of the suburban counties had more than 5 percent of their acreage in high-density apartment development in 2010.[43] Moreover, resource lands (acreage protected from development) account for about half the total land area in Anne Arundel, Baltimore, and Howard counties, 62 percent in Harford County, and over 70 percent in Carroll County, limiting the supply of undeveloped acreage that can be used for new housing development.

State planning and environmental policies affect the feasibility of new development in many ways. Although not specifically focused on the provision of affordable housing, the following state policies influence the location and density of residential development:

- Farmland and forest preservation programs
- Environmental protection efforts that limit development in wetlands, floodplains, and other sensitive areas
- Adequate public facilities policies that discourage development in areas with insufficient capacities in water supply systems, sewage treatment plants, schools, and roads

State legislation adopted in 1997 required official designation of Priority Funding Areas (PFAs) where state funding for infrastructure and economic development would be targeted, with the goal of containing sprawl and promoting smart growth. PFAs include any municipality existing in 1997, all land inside the boundaries of the Baltimore Beltway, enterprise zones, industrial areas, designated neighborhood revitalization and heritage areas, designated sustainable communities, rural villages, and other areas where county or municipal governments have provided or have plans to provide water and sewer services.

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[42] The data have not been updated by the State.
[43] The State uses similar categories to tabulate acreage by zoning district, but this has not been recently calculated.

In addition to designating PFAs, the suburban counties have established their own growth control policies, described later in this section. Comprehensive plans are required to designate growth tiers, indicating areas where public water and sewer services are already available or programmed for future installation. Growth tier maps also show areas where residential development will be limited to small subdivisions with homes on large lots capable of safely using septic tanks or private sewer systems. As will be discussed below, Anne Arundel, Baltimore, Harford, and Howard counties have adopted their own urban growth boundaries; municipalities in Carroll County have undertaken similar efforts.

These policies are rooted in sound planning theory; they limit sprawl, encourage compact development, conserve valuable natural features, reduce land and water pollution, enhance the feasibility of public transportation, and reduce spending for infrastructure extensions. State legislation also requires that comprehensive plans include provisions for flexible development regulations, cost-saving design techniques, and streamlined review of development applications within PFAs in an effort to contain escalating housing costs.

However, smart growth policies can limit the construction of new affordable rental housing in communities of opportunity. Land at the suburban fringe is generally less expensive than infill sites in developed areas, especially if the infill sites require demolition or environmental remediation. Although suburban sprawl is more closely associated with low density, single-family for-sale housing than small-scale affordable rental buildings, planning policies that limit the supply of developable land can indirectly affect the feasibility of multifamily rental development.

Counties and municipalities experiencing population and household growth need to incrementally expand areas within their growth boundaries and provide infrastructure and school capacity to meet housing need generated by future demand. Yet efforts to increase the amount of developable land within PFAs can meet with resistance from agricultural and environmental protection advocates as well as citizens who resist efforts to increase housing supply and density.

Counties and municipalities in Maryland must update their comprehensive plans every 10 years.[44] Once new plans have been adopted, jurisdictions can review and make changes to their zoning ordinances. Spot re-zonings are uncommon in Maryland; once a new zoning ordinance is adopted, a land owner can request a rezoning only if he or she can demonstrate that mistakes were made in preparing the zoning map or that conditions had changed so dramatically as to warrant a different zoning category.[45]

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[44] When the AI reports were written, plans were required to be reviewed every six years. Changes to state planning law adopted in 2013 now provide for a 10-year cycle, with guidance for the transition period.

[45] Special exceptions and variances can be requested to address site design requirements, such as side yards, setbacks, and off-street parking, but the use must be permitted in the zone. Applications for variances or special exceptions require a hearing.

Growth management tiers and boundaries for each county in the study area are shown in the discussion of planning policies later in this section.

SUMMARY OF BUILDING PERMIT COSTS AND APPROVALS

AREA examined whether the costs of permits for building construction and/or cumbersome permitting processes served as a barrier to the development of affordable housing. Higher fees and costs, complex fee structures, and excessive time expended on multiple approvals from various departments in scattered locations could reasonably serve as a deterrent to the construction of new affordable housing, which has narrow profit margins without added obstacles.

AREA conducted an inventory of all permit and fee schedules associated with the construction of a new multifamily residential building. Fee schedules were limited to construction permits, plan review, and inspection fees for the various building trades and did not include planning and zoning fees, impact fees, or other pre-construction costs or approvals. Most municipalities within the study area have adopted the building code of their respective counties and/or rely on their county for construction permit review and approvals, with the exception of Baltimore City, Annapolis and Havre de Grace. Research also included a qualitative analysis of the permit approval process, including, where possible, study of how many separate approvals must be sought by the developer, the number and location of departments that must be visited by the developer, and a general time frame for permit review and approvals.

The most expensive building permit fees and the most complex fee structure were found in Baltimore City, followed by Baltimore County and Howard County. Baltimore City charged the highest fees, starting with an application/filing fee of $150, compared to $100 in Howard County and $0 to $50 in the remaining counties. Permit fees are calculated differently across the jurisdictions researched. Baltimore City and Baltimore County permit fees are based on a per-cubic-foot measurement, with Baltimore City charging twice the cost per cubic foot as Baltimore County. Anne Arundel County charges a flat fee plus a fraction of the total construction value, whereas Carroll, Howard, and Harford counties calculate permit fees on a per-square-foot basis, with Howard County standing out as having the highest fees in this group. In terms of the sheer number of fees charged, Baltimore City again had the most, with more than 50 percent as many itemized fees (33) compared with the other five jurisdictions, which averaged less than 20 itemized fees. By contrast, Carroll County has the simplest fee schedule, with 14 itemized fees. These contrasting counties are measurably different in more ways than simply permit fees and procedures, which underscores a much more complex array of factors that influence the development of affordable housing. The types of buildings and complexity of construction in Baltimore City compared with suburban and rural locations probably affect the diversity in the number of fees in various jurisdictions.

Although the efficiency of the permit-approval process is as dependent on the organization and preparedness of the developer as it is on the efficiency of the institutional process, AREA examined the timing and efficiency of the governmental permit approval process based on timely developer submittals, accurate plans and specifications, and familiarity with fee schedule calculations and permit applications. Building review and approval procedures generally included initial plans and specifications, building shell construction, electrical and plumbing trade permits, followed by requisite inspections and construction completion. Recognizing that not all developments require the same review, agencies indicated a range of building review and approval periods, from 10 days on the shorter end (Carroll County) to 12 weeks on the longer end (Howard County). Baltimore County was identified as having among the longer time frames but included plan review within its estimate; plan review was not included in other county estimates.

Permit research was cross referenced with (previously collected) affordable housing inventories for those same regions to determine whether higher costs and complicated processes are preventing more affordable housing development. Findings indicate that higher costs and more complexity in the permit process do not have a strong correlation with lower quantities of affordable housing development. Rather, the jurisdictions that reflect the highest costs, most complexities, and longer permit processes, such as Baltimore City and Baltimore County, were also the regions with the largest number of existing affordable housing properties. Of the 563 affordable housing properties currently located in the six jurisdictions (including Baltimore City and the five suburban counties), 298 properties (52 percent) are in Baltimore City and 94 (17 percent) are in Baltimore County. By contrast, Carroll County imposes the simplest permit fee structure and shortest permit review and approval time frame but contains the smallest quantity of affordable housing properties at 25, or 4.4 percent of the total. This incongruence could be attributable to a number of other factors that offset these deterrents such as access to transportation or higher densities.

ALLOCATION OF AFFORDABLE HOUSING FUNDING IN MARYLAND

The most important government program for production of affordable housing in Maryland is the federal Low-Income Housing Tax Credit (LIHTC) program. The most recent criteria for allocating LIHTCs are set forth in the 2016 Qualified Allocation Plan (QAP) prepared by the state's Department of Housing and Community Development.[46] This agency also administers the state's Rental Housing Financing program (often used in conjunction with 9 percent LIHTCs), a multifamily bond program (used for projects seeking 4 percent tax credits), and the HOME Investment Partnership program.

[46] Maryland Department of Housing and Community Development, "Multifamily Rental Financing Program Guide: Attachment to Maryland Qualified Allocation Plan for the Allocation of Federal Low Income Housing Tax Credits," August 9, 2016.

Current LIHTC Provisions

All applications for nine percent LIHTCs are scored competitively using a points system. Proposed sites for new LIHTC buildings must be located in Priority Funding Areas (PFAs). The 2016 QAP uses a maximum score of 197 points, which are awarded for criteria such as developer experience and community impact (for projects that will promote neighborhood revitalization).

In response to a fair housing complaint filed by the Baltimore Regional Housing Campaign after the 2011 QAP was issued, subsequent revisions have been designed to encourage construction of family housing in opportunity areas.[47] New provisions in the 2016 Rental Financing Program Guide (an attachment to the QAP) make it easier to develop affordable family housing or provide more points for such projects if located in communities of opportunity.[48] Despite a recommendation in the MPC/Collaborative housing plan, the QAP still does not have a specific set-aside for new LIHTC projects in such areas.

An earlier QAP policy requiring county or local government endorsement and letters of support for LIHTC proposals has been eliminated. This change makes it easier for developers to propose LIHTC projects even if there is opposition from local residents and/or elected officials. Counties or municipalities are given an opportunity to review and comment on LIHTC applications, but the review must be completed within 45 days. In most cases, local governments are already aware of the proposed development and may have seen a preliminary site plan and/or handled a request for a zoning variance. (The site must be approved for use and density by the municipality at the time of application, but final site plan approval can occur later.)

Among other changes adopted:

- Under earlier provisions, a property involving acquisition and rehab could not use state financing for acquisition pricing exceeding “as is” value. The new guide indicates that a family project in a community of opportunity could finance acquisition at up to 120 percent of “as is” value.

- Preservation projects located in communities of opportunity receive one extra point when compared with other proposals.

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[47] Changes in the QAP and the point-scoring system respond to findings and recommendations in the 2011 and 2012 fair housing reports, Baltimore Regional Housing Plan, and Baltimore County Conciliation Agreement that stress the need to build more affordable family housing in the suburbs. Properties serving seniors or special needs populations are still eligible for funding and can earn points if located in communities of opportunity.

[48] The QAP uses a “Composite Opportunity Index” to define communities of opportunity that is based on three major factors: 1) community health, which includes measures such as income, owner-occupied housing, and housing values; 2) economic opportunity, which is based on unemployment rates and median commute time to work; and 3) educational opportunity, which includes measures such as Maryland School Assessment scores and percentages of population with a college degree or a high school degree.

- Site control requirements are not applicable for scattered-site projects in communities of opportunity, although the developer must provide detailed information on how it will find sites and obtain control.

- Criteria that in the past awarded points only to projects located in difficult development areas or qualified census tracts are broadened to include communities of opportunity.

- Proposals for projects with HCVs awarded through a “recognized mobility program” will receive points for income targeting.

- LIHTC proposals in communities of opportunity have an easier time qualifying for the maximum points under the guide’s income-targeting provisions, which award more points for properties with a higher percentage of units and bedrooms set aside for households with very low incomes.

- Most relevant to this analysis are 16 possible points that may be awarded to a project located (1) in a community of opportunity as defined and mapped in the QAP, or (2) in a geographic area defined by law or court order as a community of opportunity for affordable family housing. The QAP specifically mentions the Thompson settlement as well as the more recent Baltimore County conciliation agreement (discussed below).

- Applicants receive four points if at least 10 percent of units are targeted to households with incomes below 30 percent of AMI; this criterion can be met through use of project-based HCVs or other project-based assistance.

- Up to 10 additional points can be allocated based on the project’s weighted average income targeting by number of bedrooms. This favors LIHTC applications with a higher percentage of units targeted to households with incomes at 30 percent or 40 percent of AMI weighted by the number of bedrooms to be provided.

- Up to eight additional points can be awarded for non-age-restricted projects targeting the needs of families with children.[49] Five points are given for projects where at least 50 percent of all units have two or more bedrooms, and four points for properties where 40 percent of units have two or more bedrooms. Three additional points can be earned by a proposal in which at least 10 percent of units have three or more bedrooms.

[49] Changes in the QAP and the point scoring system respond to findings and recommendations in the 2011 and 2012 fair housing reports, Baltimore Regional Housing Plan, and Baltimore County Conciliation Agreement stressing the need to build more affordable *family* housing in the suburbs. Properties serving seniors or special needs populations are still eligible for funding and can earn points if located in communities of opportunity.

Properties that are awarded LIHTCs cannot give preference to local community residents when selecting tenants, nor can they create separate income requirements for HCV holders applying for units. This provision can be viewed as prohibiting “source of income” discrimination, which helps promote mobility.

Applications for LIHTCs must include an affirmative fair housing marketing program. Properties must give priority to households on public housing wait lists during the lease-up period.

Recent LIHTC Awards

Exhibit IX-3 shows the number of properties and units awarded either 9 percent or 4 percent LIHTCs from 2012 through 2016 in Maryland. If information was available, the exhibit also indicates how many of the properties and units involved new construction (versus rehabilitation), and of these, how many were designed to serve families (rather than seniors or persons with disabilities). Family properties located within the study area are noted, particularly those located in the Baltimore suburbs.[50]

AREA’s tabulation of available award data shows differences between the types of properties awarded 9 percent LIHTCs (based on competitive point scores) versus those that use 4 percent credits and volume cap bonds. The 9 percent LIHTCs are more likely to involve new construction for family occupancy. In contrast, most projects and units financed with 4 percent credits and bonds were rehabilitation projects. Of those 4 percent projects involving new construction, some years had no family project awards. In 2016, only 5 of 18 projects receiving 4 percent credits involved new construction. Of these, three were family properties. Only one new 4 percent family property was to be located in the Baltimore region (in the City of Baltimore); none were in the suburbs.

The Department of Housing and Community Development (DHCD) enhances the financial feasibility of projects using 4 percent credits through its Rental Housing Works program, which provides subordinate gap financing of up to $2.5 million per project. Loan terms are typically 40 years at 2 percent interest, but there are alternative structures. Funding requests are made at the same time as the application for LIHTCs and multifamily bond financing are submitted. Other state programs include Partnership Rental Housing and the EmPOWER assistance program for energy efficiency. The partnership program provides loans for new or rehabilitated rental housing that will be occupied by households with incomes at or below 50 percent of the statewide median. Loan amounts are limited to $75,000 per unit for large projects and up to $2 million (without a per-unit cap) for small projects (those with less than 40 units). Both local governments and housing authorities can apply for these loans.

[50] Available information on the DHCD website regarding the characteristics of projects awarded 9 percent credits from 2014 to 2016 is more limited than for earlier years. The 2014 and 2015 lists do not indicate the total number of units that would be built in each project; however, this information is provided for 2016. Lists for all three years do not indicate if the properties awarded credits were new construction or rehabilitation of existing affordable units. Repeated efforts to obtain better data from DHCD staff were unsuccessful. The limited information for these years does not allow us to determine whether DHCD has been successful in focusing LIHTC funds for family housing in communities of opportunity.

Exhibit IX-3.
LIHTC Awards Statewide and in the Study Area, 2012–2016

	2016	2015	2014	2013	2012
9% Credits					
Total Projects	18	17	10	14	12
New Construction Projects	NA	NA	NA	12	10
New Family Projects	NA	NA	NA	9	7
New Family Projects in Study Area	NA	NA	NA	3	4
Total Units	1,443	NA	NA	919	838
Total New Construction Units	NA	NA	NA	814	657
New Family Units	NA	NA	NA	540	415
New Family Units in Study Area	NA	NA	NA	146	211
New Family Units in Study Area Outside Baltimore City	NA	NA	NA	54	22
4% Credits/Bond Financing					
Total Projects	18	20	13	15	5
New Construction Projects	6	5	2	6	0
New Family Projects	3	3	0	4	0
New Family Projects in Study Area	1	1	0	1	0
Total Units	2,372	3,160	1,871	1,615	557
Total New Construction Units	609	443	282	543	0
New Family Units	437	287	0	347	0
New Family Units in Study Area	68	84	0	64	0
New Family Units in Study Area Outside Baltimore City	0	84	0	0	0

NA=Information not available

Source: Maryland Department of Housing and Community Development.

OTHER STATE PROGRAMS

The State of Maryland established an Affordable Housing Trust in 1992. The trust provides leveraging for construction, renovation, and supportive services for developments serving households with incomes below 50 percent of AMI, although preference is given to projects serving households with incomes below 30 percent of AMI and that provide housing for families with children. Revenues come from interest earned on title company escrow accounts and other sources. Funds are awarded on a competitive basis, and they can cover pre-development expenses and gap financing. Projects do not have to be located in communities of opportunity. Maximum funding per project is $75,000.

COUNTY AND MUNICIPAL COMPREHENSIVE PLANS

As indicated above, jurisdictions must update their comprehensive plans every 10 years, and the planning process must include citizen participation. Charter counties must have a housing element in their plans, in addition to the standard land use, transportation, and community facilities elements. (Carroll County is not a charter county, so its housing element is optional.) AREA reviewed the most recently adopted plans, examining housing goals and policies as well as land use and growth management guidance that can affect housing production, including affordable housing development.

Anne Arundel County

Anne Arundel County is home to Baltimore-Washington International Airport, which provides many jobs for low- and moderate-income workers in the Baltimore region. It also has a number of military-related facilities, the largest of which is Fort Meade. The Department of Planning and Zoning is responsible for long-range planning and environmental planning. The County's General Development Plan was adopted in April 2009; its housing element was drafted in 2008.[51]

The area to the north of MD Route 214 (an east–west route running from Prince George's County to Chesapeake Bay) encompasses roughly two-thirds of the acreage in Anne Arundel County and is suburban in character. Development density is greatest in the Glen Burnie area, which is close to the airport and the Baltimore Beltway (I-695). The southern third of the county is more rural in character and has few affordable choices for voucher holders. Many areas lack water and sewer or are environmentally sensitive waterfront locations along Chesapeake Bay. As required by state law, land development within 1,000 feet of high tide or the edge of tidal wetlands along the bay and its tributaries is subject to special restrictions.

[51] Anne Arundel County, "Anne Arundel General Development Plan," April 2009. Adopted October 19, 2009.

The housing element of the County's general development plan acknowledged the need for more affordable housing, with a stated goal of offering "a wide variety of housing types and prices to meet the needs of people of all ages and income levels." The County recognized that growth in employment will only add to the need. The plan noted that only 1 percent of the County's land area (2,704 acres) was planned for residential development at densities of 15 units per acre or higher. One percent of the County's land (2,505 acres) was designated for town center development where multifamily housing would be permitted; medium density development (at densities of five to ten units per acre) accounted for 4.2 percent of total acreage in the County. The data suggest that, despite the County's stated commitment to providing affordable housing, the supply of land for such units would be limited.

The plan also recommended consideration of an inclusionary housing program, but this has yet to be adopted due to opposition from real estate interests and some elected officials and community representatives. Creation of a housing trust fund was also suggested, to be funded with proceeds from the sale of surplus County-owned property. The trust fund has not yet been implemented.

Suggestions for reducing housing development costs, including regulatory streamlining tax credits, density bonuses, and public–private partnerships were also mentioned in the 2009 housing plan. The County subsequently adopted a fee waiver program that helps to reduce costs for affordable housing developments.

The plan also recommended re-examination of the Adequate Public Facilities Ordinance to determine how it impacts housing prices and the types of housing being built. Possible reuse of obsolete commercial facilities for workforce housing was suggested.

The 2009 plan stated that the County would identify areas suitable for mixed-use development and workforce housing so that residents could live near employment concentrations. The state defines "workforce housing" as housing that serves households earning between 50 percent and 100 percent of AMI if rental, and between 60 percent and 120 percent of AMI if designed for homeownership. In 2011, the AI consultants concluded that, in emphasizing workforce housing, the 2009 plan made no mention of ways to increase the supply of units affordable to very-low- and extremely low-income households. Greater attention to the housing needs of these households should be a priority when the County undertakes its next general development plan update and comprehensive zoning review.

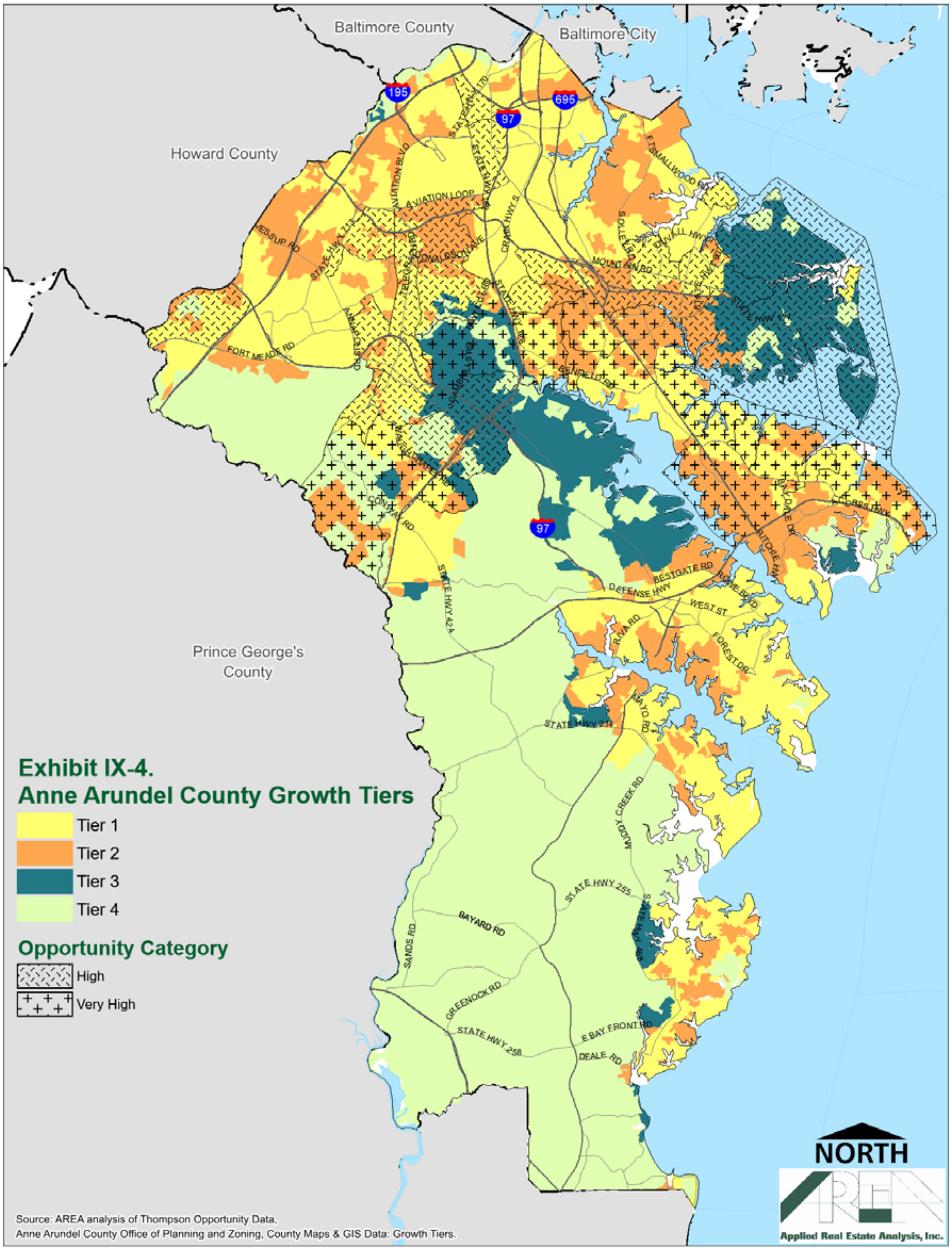
The County's Office of Planning and Zoning adopted a Growth Tiers map in 2013 in response to state legislation passed in 2012 requiring identification of locations where residential growth is anticipated and delineation of where sewer services would be provided. Housing built in Tier 1 must connect to public sewers. In Tier 2, larger developments must connect to sewers. Minor subdivisions in designated Tier 2 areas can use septic systems temporarily but must connect when sewer service is available. Development of sites in Tiers 3 and 4 is generally prohibited except at very low densities not requiring public water and sewer.[52]

City of Annapolis

Annapolis is the only incorporated municipality of significant size in Anne Arundel County. The city has its own planning and zoning powers. Along with serving as the county seat, Annapolis is also the state capitol and home to the U.S. Naval Academy and naval base. The city was founded during the colonial era. Not surprisingly, historic preservation plays an important role in crafting planning policies and zoning regulations. Virtually all of Annapolis is served by public water and sewer and is designated a Priority Funding Area.

Annapolis was not part of the Analysis of Impediments report for the Baltimore region prepared in 2011. The City commissioned an AI report in 2006, and a new report was submitted to HUD in May 2015. The Annapolis Human Relations Commission handles fair housing complaints. The City's "Guide to Fair Housing" specifically mentions that a tenant is a victim of discrimination if a landlord "refuses to accept Housing Choice Vouchers."

[52] In Tier 3, subdivisions are permitted only with on-site septic systems or private community systems. In Tier 4, subdivisions with five or fewer lots are permitted, but only with on-site septic systems.


Baltimore County
Baltimore City
Howard County
Prince George's County
Exhibit IX-4.
Anne Arundel County Growth Tiers
Tier 1
Tier 2
Tier 3
Tier 4
Opportunity Category
High
Very High
NORTH
Applied Real Estate Analysis, Inc.
Source: AREA analysis of Thompson Opportunity Data,
Anne Arundel County Office of Planning and Zoning, County Maps & GIS Data: Growth Tiers.

The City's Comprehensive Plan was adopted in 2009. It expressed concern about rising housing costs that had made homeownership "affordable only for the affluent" and laments that little help is available for middle-income households. It also discussed the age of the housing stock and need for repairs. The plan's housing element states that the City will:

- Support the development of housing affordable to workforce and middle-income households
- Reinvent public housing
- Support housing programs that assist low- and moderate-income households with homeownership and housing rehabilitation

Elsewhere, the plan voices support for infill development "that respects the size, scale, and use of existing and historic development patterns." It encourages redevelopment of land with obsolete or deteriorated buildings to accommodate new residential and commercial growth.

At the time the plan was adopted, one-third of the City's rental units was either in public housing properties or subsidized through other programs. Since that time, some public housing properties were privatized. The plan recommends consideration of accessory apartments as a way to increase the rental supply "if acceptable to the community." Few other suggestions were offered.[53]

- The plan update issued in September 2014 indicated that many policies from the 2009 plan were implemented. The Housing Authority was successful in demolishing and rebuilding obsolete public housing. Some public housing properties were privatized.

- Habitat for Humanity built 24 homeownership units for low-income households, with two more under construction when the 2014 update was prepared. The City provided financial assistance for this project.

- Changes were made in the development approval process to reduce the time and costs associated with new housing construction. A PUD project or housing development requiring a special exception under the zoning ordinance henceforth required only one public hearing, not two.

Nevertheless, much work remains to be done to implement all the 2009 plan recommendations with respect to affordable housing supply. The lack of vacant land remains an obstacle to new housing development and expanded housing choice in Annapolis. Conflicts between the need to expand affordable housing options and the desire to preserve the community's historic character are not surprising. The city's history is a key draw for tourists whose spending supports the local economy.

[53] An accessory apartment is defined as a rental unit within a single-family owner-occupied home (such as an in-law suite) or in a separate structure on the lot.

Because of limited municipal resources and a very small staff, the City's Department of Planning and Zoning works closely with Arundel Community Development Services, Inc. in implementing housing rehabilitation programs.[54]

When the 2009 plan was prepared, the City had 3,335 acres of land zoned for residential use. Most of this was already developed, with only 3 percent of the total land area of the city vacant. Four opportunity areas for new construction were identified, but not all were programmed for housing. The scarcity of vacant sites has resulted in relatively little new residential construction within the city limits in recent years.

Baltimore County

At its southern end, Baltimore County surrounds the City of Baltimore, but much of the acreage in the northern part of the County (near the Pennsylvania border) is still very rural. Unlike Carroll and Harford counties, Baltimore County has no incorporated municipalities. Hence, planning policies and zoning ordinances apply everywhere, and the County is the only authority that issues vouchers.

Baltimore County has an "urban/rural demarcation line" (URDL) that indicates areas that are already served by water and sewer and those where utility extensions are permitted. Land within the URDL houses 90 percent of the county's population but accounts for only one-third of its acreage. The line was established in 1967, long before state law required identification of growth tiers. The boundary has been "occasionally" expanded but rarely in areas where public water and sewer are not or will not be available. The map that follows shows the URDL boundaries juxtaposed with the location of communities of opportunity. As the map suggests, opportunity areas extend beyond the URDL boundary but utility services may not be available for new multifamily construction.

The State's Priority Funding Areas (PFAs) in Baltimore County were created to direct at least 68 percent of future development within areas served by utilities and other public facilities. The boundaries of the URDL and the PFAs are essentially the same. Pursuant to state legislation described earlier, the County also adopted a Growth Tiers map in 2015. Tier 1 areas (inside the URDL and served by public sewer) include all land within the Baltimore Beltway (Interstate 695) as well as considerable area north of the Beltway along I-83 to the north, I-795 to the northwest, and I-95 to the east. Small areas outside the URDL already have sewers (Tier 1A) or are within the URDL and planned for sewer service in the future. The map also indicates that more than half the acreage in Baltimore County is designated for large lot development or preservation/conservation (Tiers 3 and 4), essentially making these tracts unavailable for affordable housing development.

[54] A quasi-public agency established by Anne Arundel County to provide certain housing and community development services.

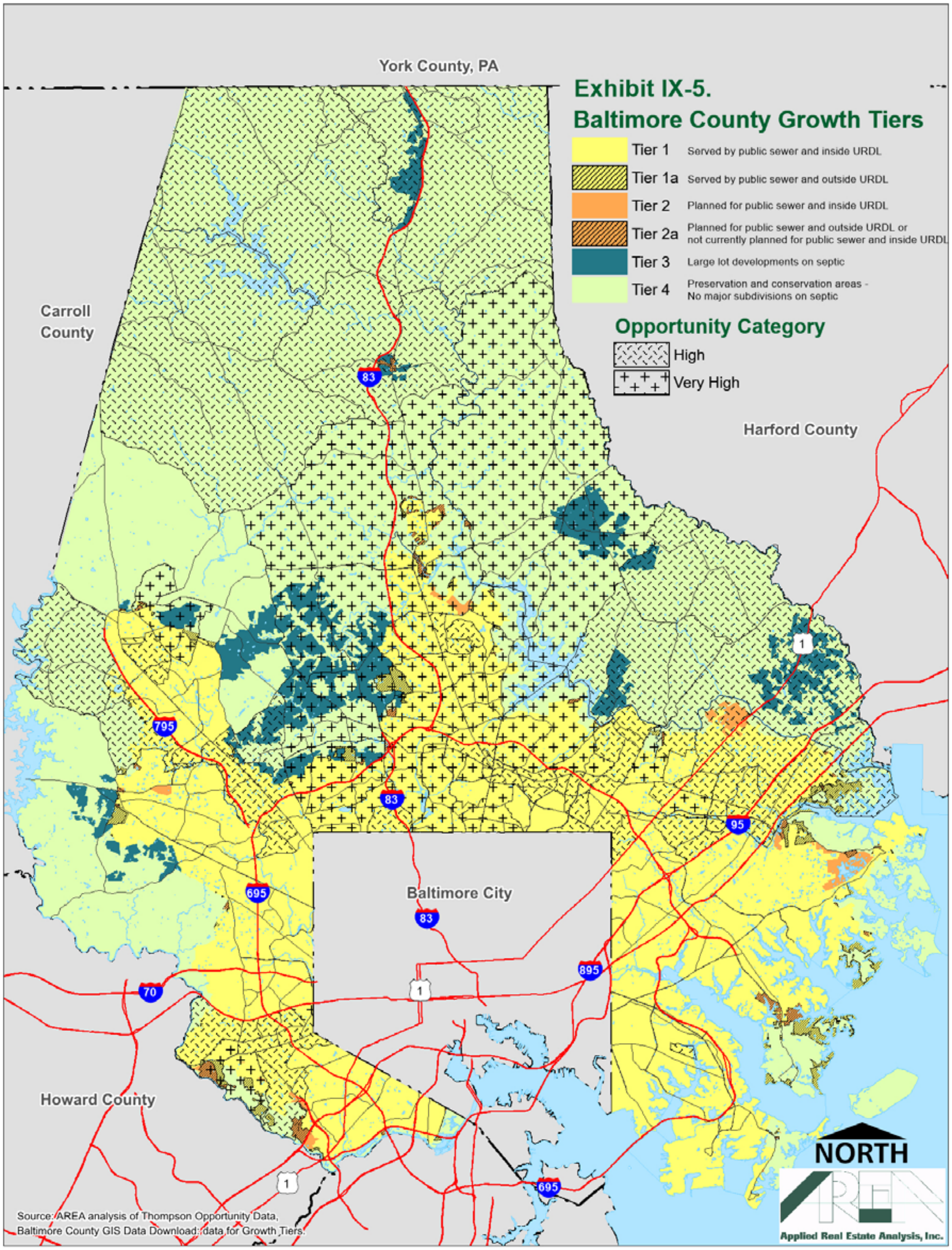


Exhibit IX-5.
Baltimore County Growth Tiers
Tier 1 Served by public sewer and inside URDL
Tier 1a Served by public sewer and outside URDL
Tier 2 Planned for public sewer and inside URDL
Tier 2a Planned for public sewer and outside URDL or not currently planned for public sewer and inside URDL
Tier 3 Large lot developments on septic
Tier 4 Preservation and conservation areas - No major subdivisions on septic
Opportunity Category
High
Very High
York County, PA
Carroll County
Harford County
Howard County
Baltimore City
NORTH
Applied Real Estate Analysis, Inc.
Source: AREA analysis of Thompson Opportunity Data, Baltimore County GIS Data Download: data for Growth Tiers.

Master Plan 2020 was adopted in November 2010. The plan gave much attention to sustainability as well as environmental and agricultural resource protection. Growth was to be channeled near existing population and business centers, although new centers would be given consideration. The plan states that 88 percent of growth had been directed within PFAs. Continuation of this policy is an important objective of Master Plan 2020. The plan also provides for redevelopment of areas with older obsolete residential, commercial, and industrial structures.

Vision 7 in the 2020 plan relates to housing and recommends a range of housing densities, types, and sizes that provide residential options for citizens of all ages and incomes.

Carroll County

The City of Westminster is the seat of government in Carroll County. In addition, Carroll County includes seven small incorporated towns: Hampstead, Manchester, Mount Airy, New Windsor, Sykesville, Taneytown, and Union Bridge.[55] Each incorporated place has its own zoning and planning power. Some have zoning classifications similar to those used by the County; others are quite different.[56]

Carroll County has land use powers only in unincorporated areas. There is no countywide urban growth boundary. However, each municipality has a designated growth area, as required by state-mandated growth management policies. These boundaries are reflected in County plans.

The County's 2014 Master Plan encourages a range of housing types, densities, and affordability but gives little attention to affordable housing as something needed by the County. The County supports development activity in PFAs as required by Maryland law. However, in 2015, only 55 percent of all housing units in the county were in PFAs. The County also defines municipal growth areas (MGAs) and designated growth areas (DGAs). In 2015, 56 percent of all units were in MGAs/DGAs. Of new units built in 2015, 72 percent were in MGAs/DGAs. (These boundaries are not the same as PFAs.) Unlike PFAs in more urbanized counties, Carroll County's PFAs are not contiguous; rather, they consist of the City of Westminster, small towns, and locally designated acreage adjacent to their boundaries.

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[55] In 2015, these seven towns ranged in population size from less than 1,000 (Union Bridge) to 9,380 (Mount Airy).

[56] AREA's scope of services did not require investigation of regulatory barriers to affordable housing development in each of the small communities. AREA included summary information on the City of Westminster because of its size.

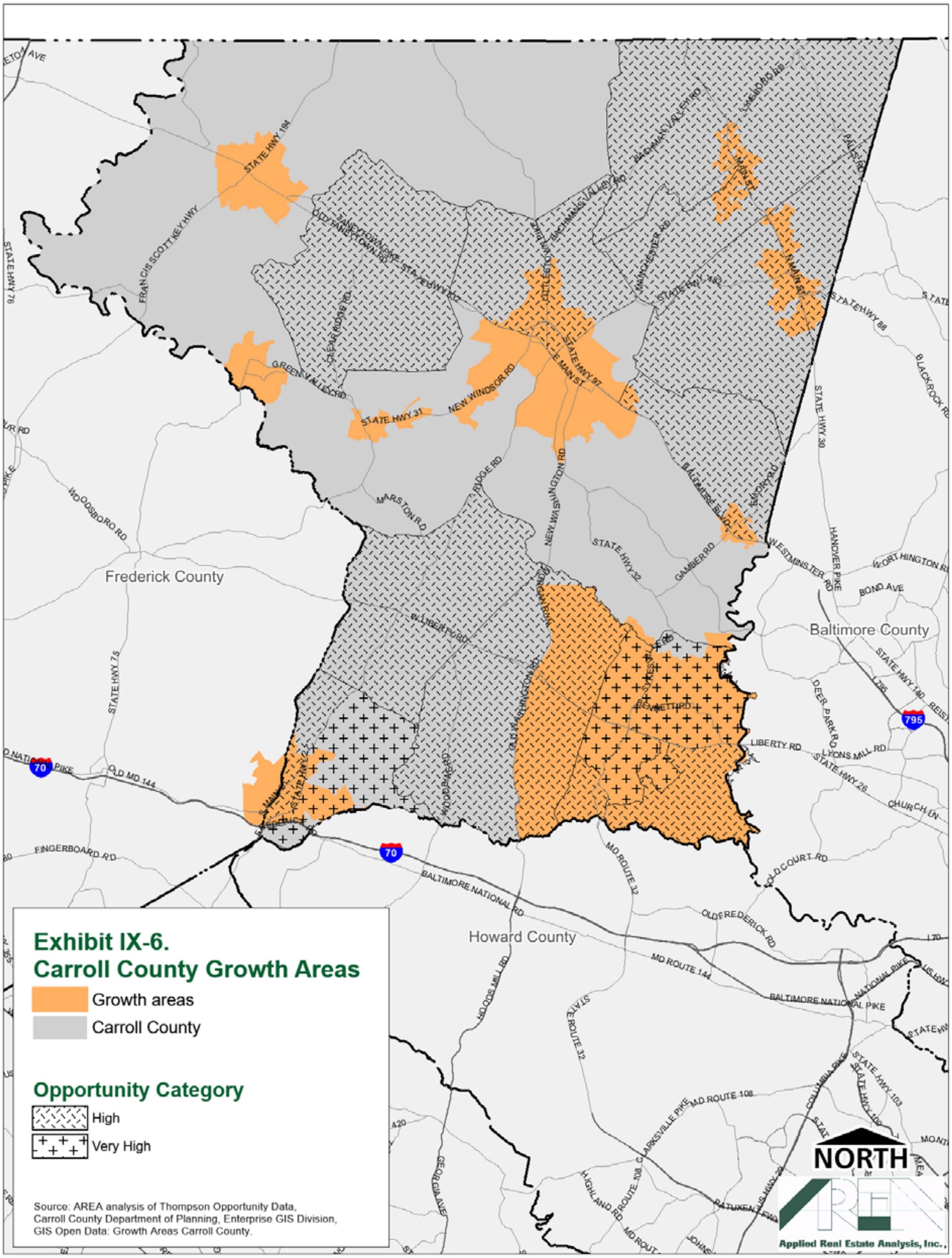


Exhibit IX-6.
Carroll County Growth Areas

Large portions of the unincorporated county lack water and sewer service, so residential development activity in Carroll County is limited in general and multifamily development even more so. In 2015, preliminary plans for only 42 lots were approved in the City of Westminster, the towns, and the unincorporated county; 257 lots were recorded, and 121 residential building permits were issued. Only 95 multifamily units received occupancy certificates in 2015.

Harford County

Harford County has three separate incorporated municipalities: Aberdeen city, Bel Air town, and Havre de Grace city. Aberdeen and Havre de Grace have their own planning and zoning functions.

The County Council approved a new Master Plan in September 2016. It indicates that 55 percent of the county's total land area is in agricultural use. Residential land accounts for another 25 percent, with commercial and industrial uses comprising only 3 percent. Open space and "other" uses account for the remainder. A large federal weapons testing facility (Aberdeen Proving Ground) occupies substantial acreage.

The plan defines high-density residential development as six or more units per acre, which is not sufficient to support multistory affordable housing. The high-density category accounts for only 5 percent of residential acreage, with medium density (three to six units per acre) taking 9 percent of residential land. Low-density residential (one to three units per acre) covers 19 percent of residential acreage. The remainder (67 percent) is rural residential. However, new apartment construction has occurred over the past two to three years, often in non-residential zones.

In 1977, the County established a "development envelope" as a growth management tool. As seen in other study area jurisdictions, the purpose of the envelope is to curb sprawl and protect agricultural and environmentally sensitive areas. Public water and sewer services are provided only within the envelope, which has been incrementally expanded over the years. However, not all properties within the envelope are fully served, and some properties outside it might be eligible for future service extensions for safety reasons. A sewer expansion in the Fallston area was being considered while AREA was conducting interviews.

The most recent expansion to the envelope occurred when the 2016 plan was adopted. Planning staff indicate that the changes were very modest and targeted mainly to properties with commercial development potential. It is not possible to build multifamily buildings outside the envelope.

A tabulation prepared by the County at the end of 2014 indicated that room to build 18,883 housing units still exists within the envelope in the unincorporated county, and another 2,652 within the three municipalities, for a total potential development of 21,535 units.

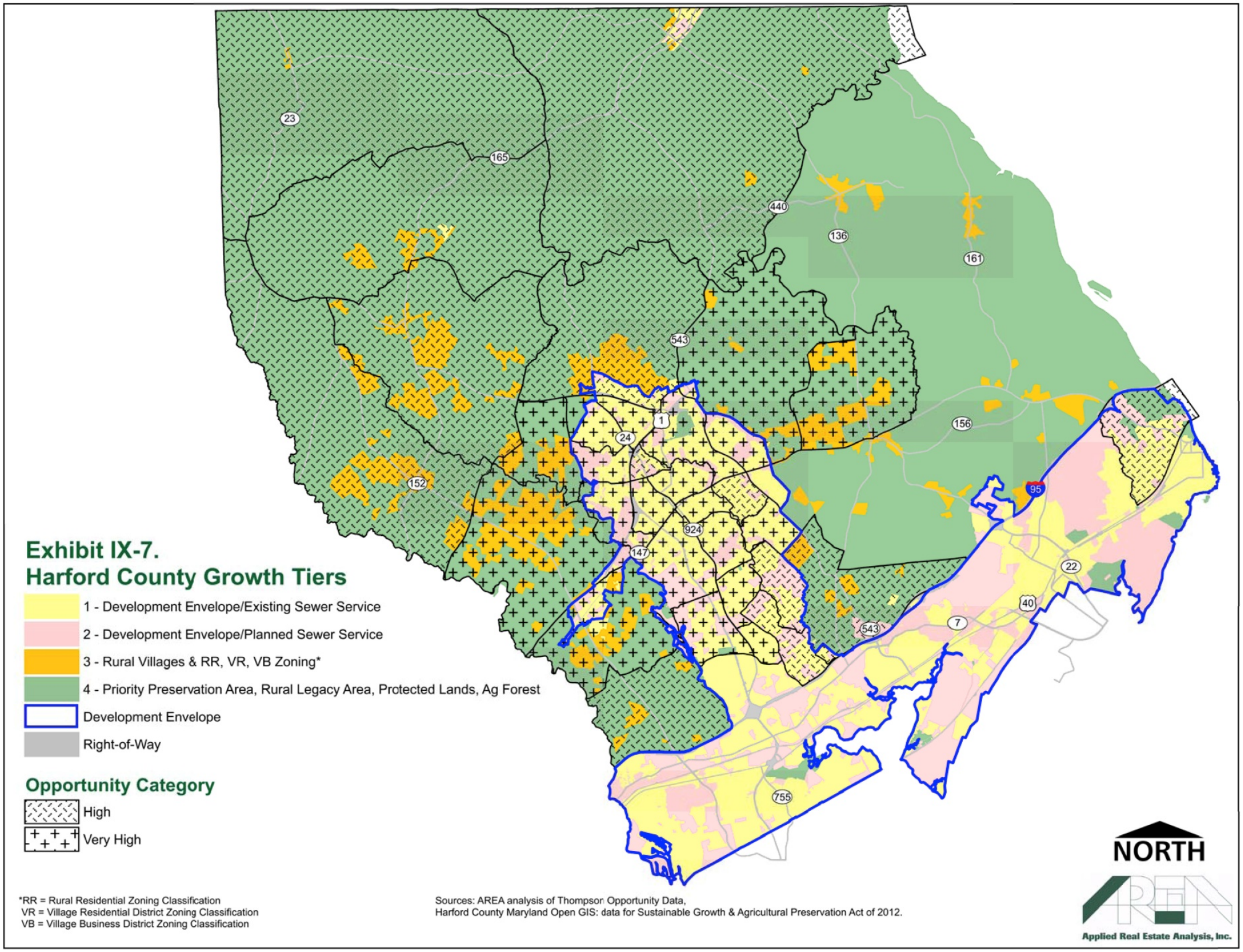


Exhibit IX-7.
Harford County Growth Tiers
1 - Development Envelope/Existing Sewer Service
2 - Development Envelope/Planned Sewer Service
3 - Rural Villages & RR, VR, VB Zoning*
4 - Priority Preservation Area, Rural Legacy Area, Protected Lands, Ag Forest
Development Envelope
Right-of-Way
Opportunity Category
High
Very High
23
165
440
136
161
543
1
24
156
95
152
924
147
22
40
7
543
755
NORTH
Applied Real Estate Analysis, Inc.
*RR = Rural Residential Zoning Classification
VR = Village Residential District Zoning Classification
VB = Village Business District Zoning Classification
Sources: AREA analysis of Thompson Opportunity Data,
Harford County Maryland Open GIS: data for Sustainable Growth & Agricultural Preservation Act of 2012.

Projections prepared as part of the new plan suggest that the County will need 119,053 housing units by 2040. It now has an estimated 99,053 units, of which 74,871 are within the envelope. Based on current trends, the plan estimates that the county will have 90,914 units inside the envelope in 2040.

The 2016 plan contains statements:

- Encouraging rehabilitation, investment in transit-oriented development around the county's two MARC stations, and a more diversified housing stock.
- Supporting affordable housing that allows older residents to remain in the county while also attracting young families.
- Encouraging a "mix of residential densities and housing types affordable and accessible to all age groups" and "homeownership programs to meet projected affordable housing needs."
- Asking for identification of barriers to homeownership and tailoring affordable housing programs to remove them.
- Creating partnerships and offering incentives to large employers for workforce housing.
- Developing educational programs for the public on affordability, cost burdens, and available housing assistance programs.
- Asking for incentives to address the redevelopment needs of aging multifamily buildings, including loans, grants, or tax abatements.

The plan is not very specific about how to create or implement these programs. It emphasizes homeownership and seeks ways to encourage provision of workforce housing but says little about the needs of very-low-income renter families.

To encourage more innovative development patterns, the plan recommends PUD zoning in designated redevelopment areas, adoption of form-based codes, creation of overlay districts, and determination of impediments to mixed-use development (see zoning discussion, below).

Howard County

Howard County is the fastest-growing jurisdiction in the study area. The county is considered a desirable location due to its good schools, parks, extensive highway system (I-95, I-70, US 29, US 40, US 1) and job base, as well as its proximity to employment in both the Baltimore and Washington metropolitan areas (similar to Anne Arundel County). There are no incorporated municipalities in Howard County; the County's master plan, zoning ordinance, and housing programs cover the entire land area. The Howard County Department of Planning and Zoning is responsible for comprehensive planning and zoning administration.

For planning purposes, the county is divided into five areas: Ellicott City, Elkridge, Columbia,[57] Southeast, and Rural West. The first four areas are in Growth Tier I and have public water and sewer service. Acreage to the west of the Ellicott City planning area is designated for future utility expansion. The Rural West area is largely designated Tier III and Tier IV, with a focus on preservation of agricultural and natural areas. In 2016, adjustments were made to the Tier IV boundary, resulting in a net loss of 1,479 acres in this Tier.[58]

The County's 2000 comprehensive plan was updated in 2015 (PlanHoward 2030). Work on the revisions started years earlier, and adoption was delayed. Much of the work was done in 2011 and 2012.

The 2015 update gives primary attention to environmental and conservation issues, but more attention is given to housing policies and the need to produce more affordable housing than in the plans reviewed for other jurisdictions in the study area.

The plan states that the County is committed to:

- Supporting the preservation and rehabilitation/modernization of existing affordable housing stock.
- Identifying actions that would expand affordable housing choices for minorities, female-headed households, persons with disabilities, and families with at least one foreign-born parent.
- Encouraging mixed-income communities through zoning incentives so that "full spectrum" housing is available for residents at diverse income levels and ages.
- Using older homes as one way to provide affordable options.
- Promoting universal design principles to encourage construction of accessible units.

[57] Columbia was developed beginning in the 1960s as a master-planned community with a variety of housing types, including townhouses and apartments (both for sale and for rent) as well as single-family detached homes. Affordable rental and for-sale housing were part of the community fabric from its inception, which helps to explain why Howard County's plans and programs are more committed to maintaining and expanding the supply of affordable housing than are the other suburban jurisdictions.

[58] Howard County did not designate any Tier II areas.

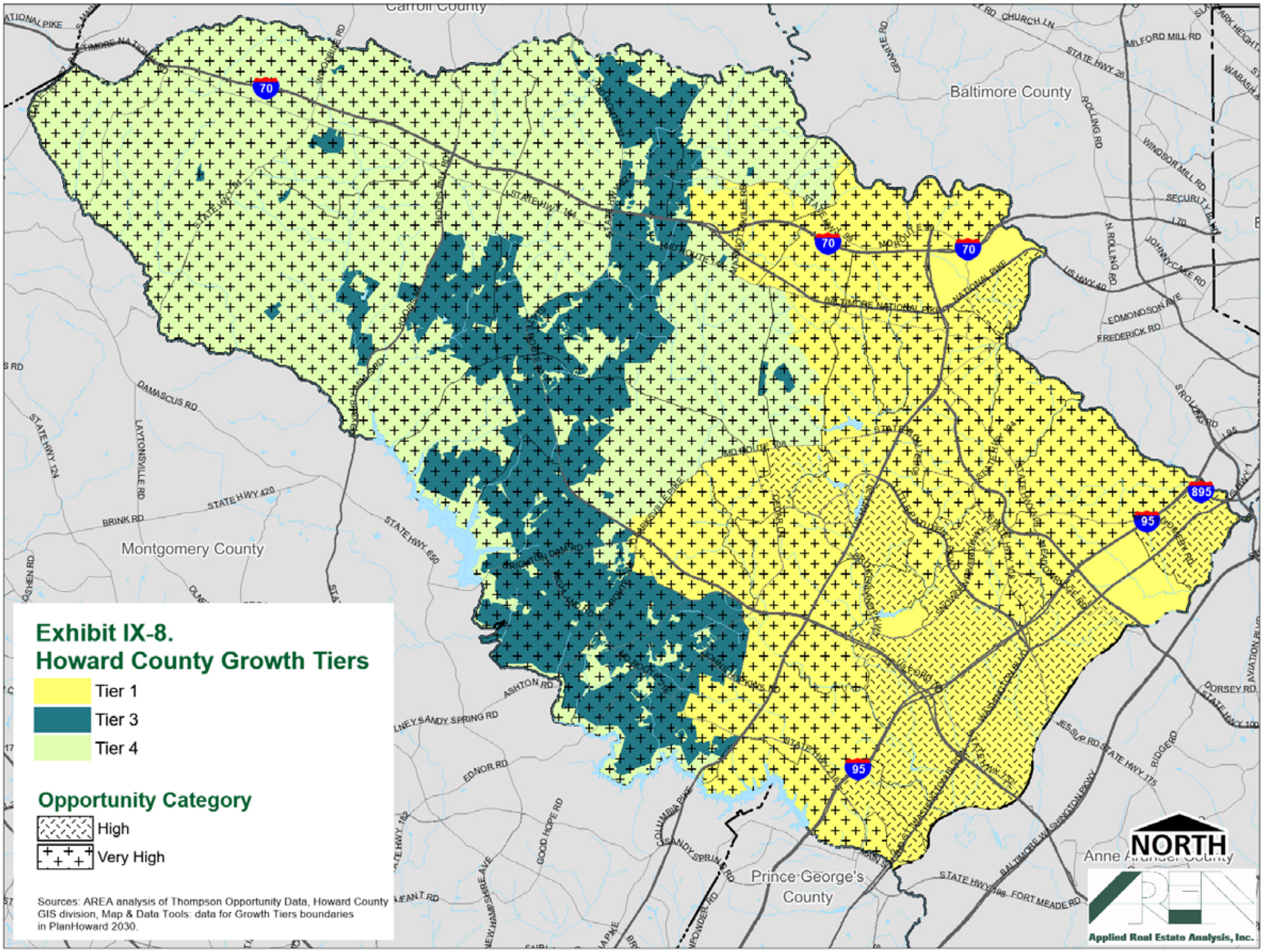


Exhibit IX-8.
Howard County Growth Tiers
Tier 1
Tier 3
Tier 4
Opportunity Category
High
Very High
Sources: AREA analysis of Thompson Opportunity Data, Howard County GIS division, Map & Data Tools: data for Growth Tiers boundaries in PlanHoward 2030.
Baltimore County
Montgomery County
Prince George's County
Anne Arundel County
NORTH
Applied Real Estate Analysis, Inc.
70
70
70
95
95
895

The plan indicates that the county included 160,640 total acres in 2015, of which:

- 18 percent is in open space and parkland
- 20 percent has preservation easements
- 11 percent remains undeveloped (including non-preserved agricultural land)
- 35 percent is developed for residential use
- 16 percent is developed for commercial, industrial, government, transportation, and utility purposes[59]

Thus, approximately half the acreage in the county was developed, and half was protected space or undeveloped. However, there were nearly 14,000 acres that could be developed for residential uses; most are smaller scattered sites. The county has little undeveloped land available for townhouses or apartments, although some may be built in mixed-use districts. Uncommitted parcels consist mainly of small scattered infill sites.

The County's development monitoring system issues reports every few years. The 2015 report was released in April 2016. In its discussion of housing, the report indicates which types of units have been approved or are in the review process, by location. In 2015, 46 percent of units built were apartments, 26 percent were townhouses, and only 28 percent were single-family detached homes. Plans were approved for 90 units for low- and moderate-income households (50 townhouses and 40 apartments), a decline from 177 approved in 2014, and 625 units were in various stages of review (three single-family homes, 112 townhouses, and 510 apartments or condominiums). None of these were age-restricted. These numbers suggest the County's commitment to multifamily development.

COUNTY AND MUNICIPAL ZONING

Zoning ordinances adopted by all the jurisdictions in the study area have some provisions for multifamily dwellings. However, there are substantial differences from county to county in the densities permitted in multifamily zones. Most importantly, the amount of land zoned in the higher-density categories (where construction of affordable rentals might be feasible) is difficult to determine, as is the extent to which the zoned acreage is vacant, underutilized, non-conforming, or truly available for development under current zoning provisions.

[59] Howard County Department of Planning and Zoning, "Howard County Land Use," September 30, 2015.

Jurisdictions may permit multifamily development in commercial zones as part of mixed-use projects or use planned unit development (PUD) provisions or overlay zones as techniques for creating more flexibility with zoning ordinances. Some zoning ordinances also provide for flexible zoning in areas close to transit.

Anne Arundel County Zoning

When the Anne Arundel County AI report was completed in 2011, multifamily construction was permitted in only three zones (R10, R15, and R22); as of 2016, this was still the case. The last comprehensive reexamination of the zoning ordinance took place more than a decade ago, although some changes were made in 2012 and 2013 after the County's General Plan was adopted. Environmental constraints limited multifamily development in much of the southern third of the county and along the Chesapeake Bay shoreline. Multifamily zones were located mainly in the northern part of the county. The AI consultants concluded that undeveloped land zoned for medium- and high-density development was in short supply, even in areas with access to transit.

The current zoning ordinance has seven residential zones, as shown in Exhibit IX-9, along with a rural agricultural district with one-acre minimum lot sizes and an open space district where no residential development is permitted. Residential zoning provisions are briefly summarized below:

- RLD (residential low density): One unit per five acres; structure can cover a maximum of 25 percent of the lot
- R1: One acre lot with maximum 25 percent coverage
- R2: 20,000-square-foot minimum lot size if there is no water and sewer, 15,000 square feet if served by sewer; maximum coverage 30 percent
- R5: Minimum lot size 7,500 square feet (5 units per acre), with maximum coverage 40 percent
- R10: 10 units per acre; permits semi-detached, duplex, and townhouses as of right. There is no minimum lot size. Maximum building and parking coverage is 45 percent
- R15: Similar to R10, but it permits 15 units per acre
- R22: Multifamily (apartment) zone, with maximum density of 22 units per acre. Maximum coverage 45 percent. Height limit is 40 feet, but it can be increased indefinitely with greater setbacks

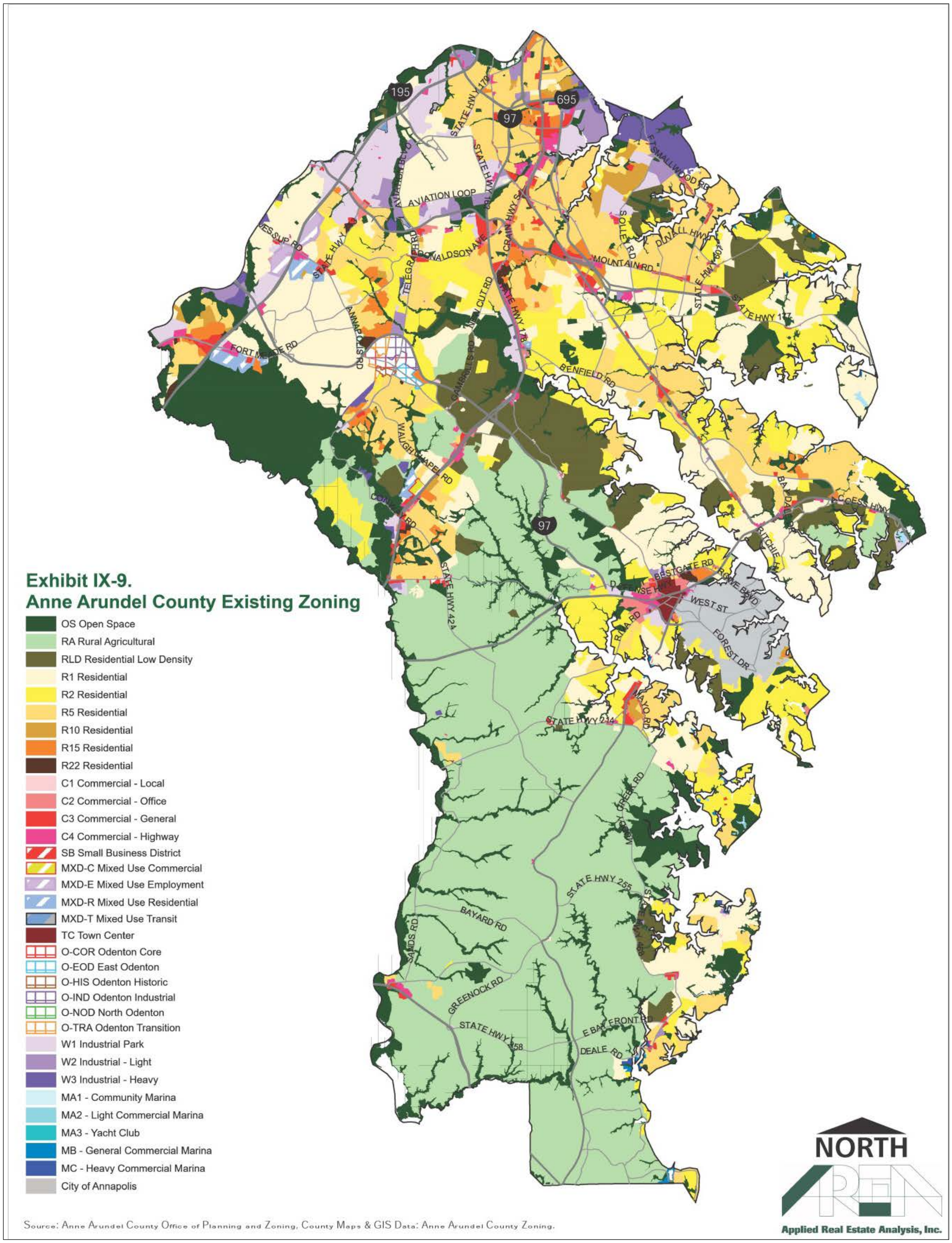


Exhibit IX-9.
Anne Arundel County Existing Zoning

Source: Anne Arundel County Office of Planning and Zoning, County Maps & GIS Data: Anne Arundel County Zoning.

It is interesting to note that the zoning ordinance has special provisions for affordable housing for seniors "of modest means." Age-restricted affordable properties can be built at densities up to 22 units per acre in areas zoned for less dense housing, but such developments require a special exception and site plan approval from the County Council. Water and sewer fees are waived for these developments. Workforce housing can be built in R10 and R15 zones at R22 densities, but citizen resistance to such development often occurs.[60] There are no provisions for higher density for affordable general occupancy buildings serving families with incomes less than 50 percent of AMI.

The ordinance provides for PUDs, but maximum densities must conform to the requirements of the underlying zoning district. Therefore, not many PUDs are being developed with densities higher than are typical of older multifamily projects.

The 2009 plan mentions the need to expand the number of areas zoned for mixed uses. (Four mixed-use zones were established after adoption of the 1997 plan; however, the mixed-use zone provisions were initially applied to only six sites.) Mixed-use districts near transit or in town centers are part of the zoning ordinance. In the "town center" designation, residential densities permitted in R15 and R22 are allowed. Buildings can be 45 to 60 feet in height, but setbacks are increased. Land to the west of the Annapolis municipal border has this designation, as does the master-planned Odenton Town Center. One LIHTC development (four stories with 44 units) has been built in the Odenton Town Center area since this area was designated. Other new apartment developments in town center zones have offered market-rate units. Most units at these new apartment developments would not be affordable for voucher holders, given the voucher maximum ($1,427 gross in most census tracts; $1,557 in tracts where higher voucher amounts have been approved by HUD).

A residential development capacity analysis prepared in 2008 (as part of the 2009 General Development Plan update) concluded that most of the remaining residential development opportunities were in the low- to medium-density zones (R2 and R5), mainly on vacant lots but also on land suitable for redevelopment. Of a total future development capacity of 26,390 units, only 940 units (3.6 percent) could be built on vacant lots with R10 zoning and another 1,170 units (4.4 percent) on lots with R15 zoning. No mention is made of land with R22 zoning. Little land was available for new development in areas with town center zoning. As discussed earlier, the 2011 AI report recommended amending Anne Arundel's zoning ordinance to increase the supply of land zoned for multifamily housing as of right. However, there has been no

[60] A proposed 84-unit mixed income apartment development in the Pasadena area of the County was to include LIHTC units targeting households with incomes below 60 percent of AMI. In response to community opposition to higher-density housing in a single-family zone, the County Council passed a law in January 2015 stripping workforce housing as a special exception in R2 and R5 zones. Although similar projects would still be permitted in R10 and R15 zones (with special exceptions) and in R22, the Council's action in effect eliminated most of the land area where such development would be possible. See Rema Rahman, "County Council Debates, Passes Measure Limiting Workforce Housing," *Capital Gazette*, January 6, 2015.

comprehensive zoning revision since 2009. An update to the general plan would be needed before the zoning ordinance could be revamped.

City of Annapolis Zoning

The City of Annapolis has numerous residential zoning districts, some of which are designed to preserve the character of existing historic neighborhoods by curtailing demolition for large-scale assemblages or minimizing conversions from single-family homes to multifamily or commercial uses. Where permitted densities are spelled out in the zoning ordinance, they range from two to eight units per acre. In addition to residential zones, multifamily housing is now permitted in one commercial zone, but little land has this designation.

Annapolis has inclusionary zoning provisions (passed in 2004), which require that 12 percent of housing units in for-sale subdivisions (including condominiums) and 6 percent of new rental units in projects with 10 or more units are priced affordably for households earning up to 100 percent of the Baltimore MSA's AMI. Known as the Moderately Priced Dwelling Unit (MPDU) program, developments that participate receive a density bonus (15 percent for for-sale housing and 10 percent for rental properties).

The units in the City's MPDU program must be priced below the market rate of other units offered in the same development. Purchasers or renters must be city residents or employed in the city, at the Naval Academy, or at the naval base for the previous 12 months; a municipal employee who has passed their probationary period; or a staff member at a school within the Annapolis High School attendance district. The program is administered by Arundel Community Development Services, Inc. (ACDS, Anne Arundel County's quasi-public nonprofit housing agency) subject to City of Annapolis guidelines and policies.

As of August 2016, ACDS staff reported that four affordable for-sale units were available (one single-family home at $286,000, three townhouses at $169,000, and one condominium at $159,000) to first-time buyers who can qualify for a mortgage. Buyers must participate in housing counseling, must maintain the MPDU unit as a primary residence, and can sell them only to other MPDU-qualified buyers. Buyers are eligible for up to $20,000 for closing costs or to help with downpayments.

City staff reported that another 45 for-sale homes in properties under development review could be added to the program but that the approval process is slow. The 2014 Comprehensive Plan update indicates that the program's residency restrictions made it difficult to find qualified first-time buyers. Small townhouses and condominiums do not appeal to all qualified buyers, and some units with only two bedrooms and one bath have been very slow to sell. Demand for larger homes with three or more bedrooms is strong.

In 2016, 18 rental units were occupied by tenants approved under the MPDU program at The Point at Annapolis, the only apartment complex in the program; it has a wait list. Although tenants could have incomes as high as 100 percent of AMI, most renters earn 60 percent or less. If an MPDU tenant’s income increases above the permitted maximum, he or she has six months to move out. The ACDS administrator for the program reports that there are rarely any vacancies.

In general, production of affordable units under this program has been very limited, and the for-sale program is not especially successful. The relatively low percentage of units required and program rules limiting eligibility to households already connected to the city curtail the impact of Annapolis’s inclusionary zoning provisions on reducing regional low-income housing needs. Also, small projects can make a cash contribution to the City's Housing Assistance Trust Fund in lieu of providing affordable units. In a city with little vacant land, cash contributions may not result in the construction of additional affordable supply. Annexation is the only way to develop larger projects.

City staff suggested that needed legislative changes to this program have been recommended for years but not pursued. One possibility is to open the program to persons living in Anne Arundel County but not within the city limits.

Baltimore County Zoning

In Baltimore County, zoning is reviewed every four years (see below). The County Charter requires that zoning be consistent with its master plan. Zoning is much more restrictive outside the boundaries of the URDL, with very limited options for multifamily construction.

The County zoning ordinance, shown in Exhibit IX-10, provides for 37 distinct zones, some of which are overlays. Residential units are permitted in all zones except for industrial, but with limitations. Baltimore County zoning provides for planned unit developments (PUDs). The PUD process is said to result in more multifamily construction than would occur under conventional zoning. Staff indicate that, in a typical year, 5 to 10 PUD applications are submitted. PUDs can be approved only within the URDL.

There are 10 rural and resource conservation zones in the county. In these zones, minimum lot sizes can be as small as one acre and as large as three acres, but there are also limits on the total number of units that can be built on a parcel. In some zones, there is a minimum parcel size for which subdivision is permitted. Cluster development is encouraged.

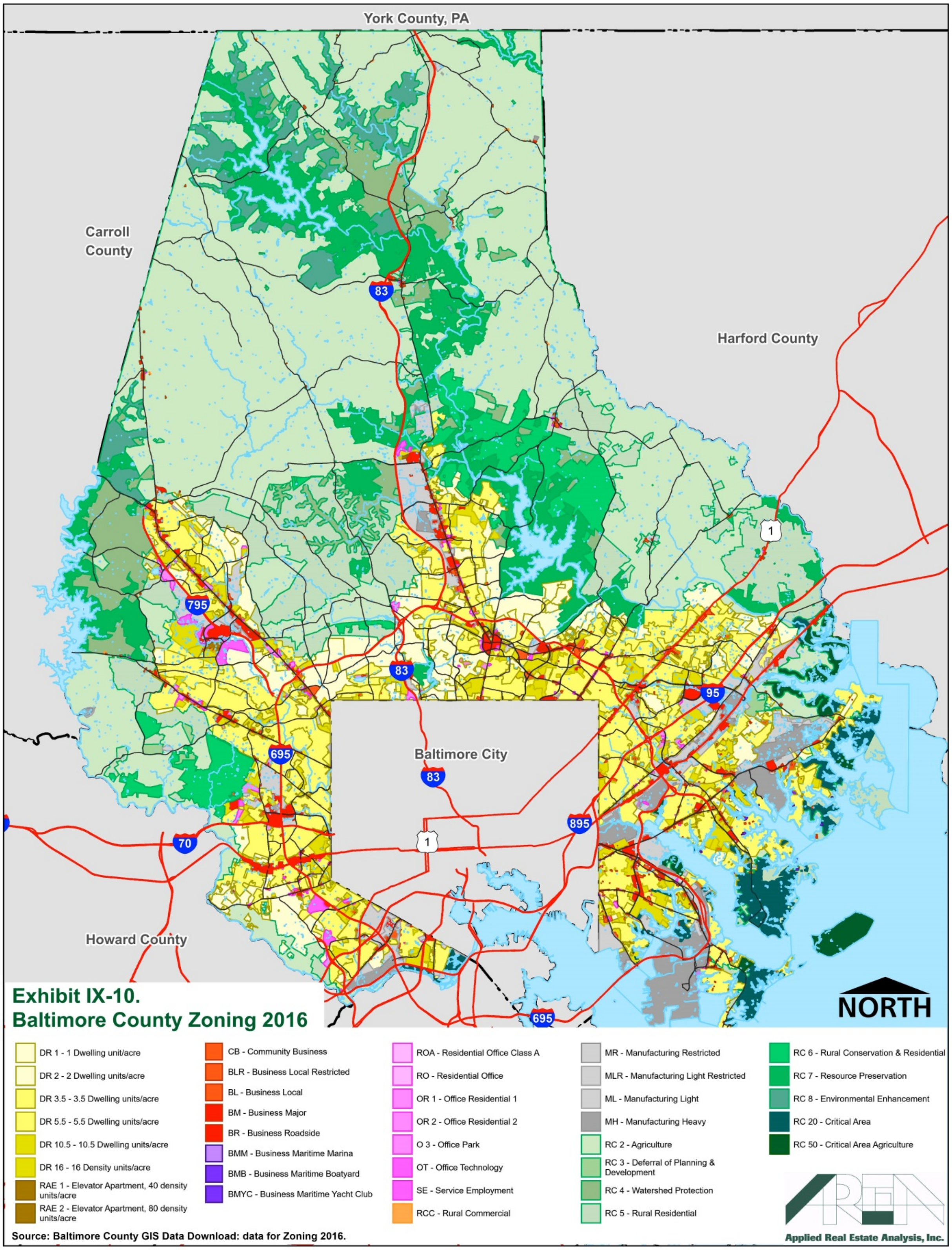


Exhibit IX-10.
Baltimore County Zoning 2016

There are six residential zones (DR), all of which permit single-family detached and two-family homes. There are no minimum lot sizes for subdivisions with more than six lots. Permitted densities range from 1 unit to 16 units per acre. In the DR-16 zone, an efficiency counts as half a unit, a one bedroom as 0.75 units, two-bedroom units as 1 unit, and an apartment with three or more bedrooms as 1.5. Such provisions discourage production of larger units suitable for families.

In DR1, DR2 and DR 3.5, single-family, semi-detached, and duplex units are allowed. In DR5.5, single-family attached and multifamily buildings are also allowed with a "compatibility finding." In DR 10.5 and DR 16, all housing types are allowed. Higher-density single-family detached housing types are permitted in certain cases, such as zero lot line, zipper lots, and traditional homes with rear garages.

Two elevator apartment zones permit 40 units and 80 units per acre, respectively. The RAE 1 zone (40 units per acre) is for elevator apartments accessible to community or town centers, especially if there is pedestrian access. The RAE 2 zone (with a maximum of 80 units per acre) is designated for apartment buildings in town centers. These high-density zones are not seen anywhere else in the study area. It is not clear how much land is zoned for these high-density uses or the amount of RAE land still available for development, but tall buildings are not commonplace outside of the Towson area (the county seat).

The County undertakes a Comprehensive Zoning Map Process (CZMP) every four years and issues a report on emerging issues and proposed changes. As was noted in the 2011 AI report, the CZMP process is not a comprehensive reexamination of zoning provisions or mapping but rather an incremental examination of specific issues or problems. The County Council approved the results of the last CZMP review on August 28, 2016. New provisions recommended to the council included a Neighborhood Commons designation that could prohibit surplus County-owned properties from being developed. A private owner who purchases such sites from the County would have to petition to have the restrictions lifted. Press reports indicate that 1,200 acres in one council district were proposed for downzoning due to concerns over school overcrowding. In general, the 2016 process resulted in some changes that would encourage development and others that downzoned acreage so that only single-family detached homes could be built.

On August 1, 2016, the Council approved a totally revised zoning overlay for downtown Towson, with stronger design requirements (including open space, lighting, signage, "green" building requirements, architectural review provisions, and standards for use of building materials). There are no minimum parking requirements, but developers who want to build in the new downtown Towson zone must specify what parking needs will be generated by a project and how the parking will be provided.

Property owners can petition for changes in between CZMP years, but it is difficult to prove the need for changes.

The County Council has a tradition of "councilmanic courtesy"; that is, members are reluctant to oppose another council member's support of or opposition to zoning changes in her or his district.

Carroll County Zoning

In Carroll County, the most recent county zoning ordinance revision took place in 2014. The ordinance covers only the unincorporated portions of the county. AREA interviewed the zoning administrator, and he indicated that no changes have been made in the ordinance that would affect housing development since 2014. He noted that 80 percent of the acreage in the unincorporated county is in conservation or agricultural zones. The zoning ordinance has no inclusionary zoning provisions that would apply to either single-family or multifamily developments.

Although conservation zoning allows single-family detached homes, lots must be at least three acres; if development is clustered, the lot size can be as small as one acre. Very little acreage in the Conservation District is serviced with public water and sewer. In the R40,000 Residence District, single-family homes must be on a lot of at least 40,000 square feet. Two-family homes are permitted.[61]

In the R20,000 Residence District, density is generally limited to two units per acre. Some areas with this designation do not have public water and/or sewer. State law requires any subdivisions with seven or more units to have public utility services.

In the R10,000 and R7,500 zones (minimum 10,000 and 7,500 square foot lots, respectively), public water and sewer are required. Single-family homes are permitted as of right. In an R7,500 zone, a semi-detached or two-family home needs 5,000 square feet of lot area per unit. A two-family home requires a conditional use approval from the Board of Zoning Appeals. The height limit for buildings in the R10,000 zone is 35 feet or 2.5 stories; in R7,500, buildings can be three stories tall, or 40 feet. Residential uses are permitted in a Neighborhood Retail District if they meet the requirements of an R10,000 zone.

Multifamily development is permitted in a PUD provided that the lot has at least 10 acres in R7,500 and 20 acres in R10,000. A limiting factor is that only 60 percent of a PUD's units can be multifamily, and the gross density cannot exceed six units per acre**.** These provisions would discourage most multistory affordable family rentals other than (perhaps) townhouses. Also, the zoning regulations discourage larger units by counting an efficiency as 0.5 units but a three-bedroom home as 1.5 units, as is true also in Baltimore County. Any residential construction in a PUD must be single family if it is within 100 feet of property zoned R10,000 or less dense.

[61] Low-density retirement communities are also permitted in these zones.

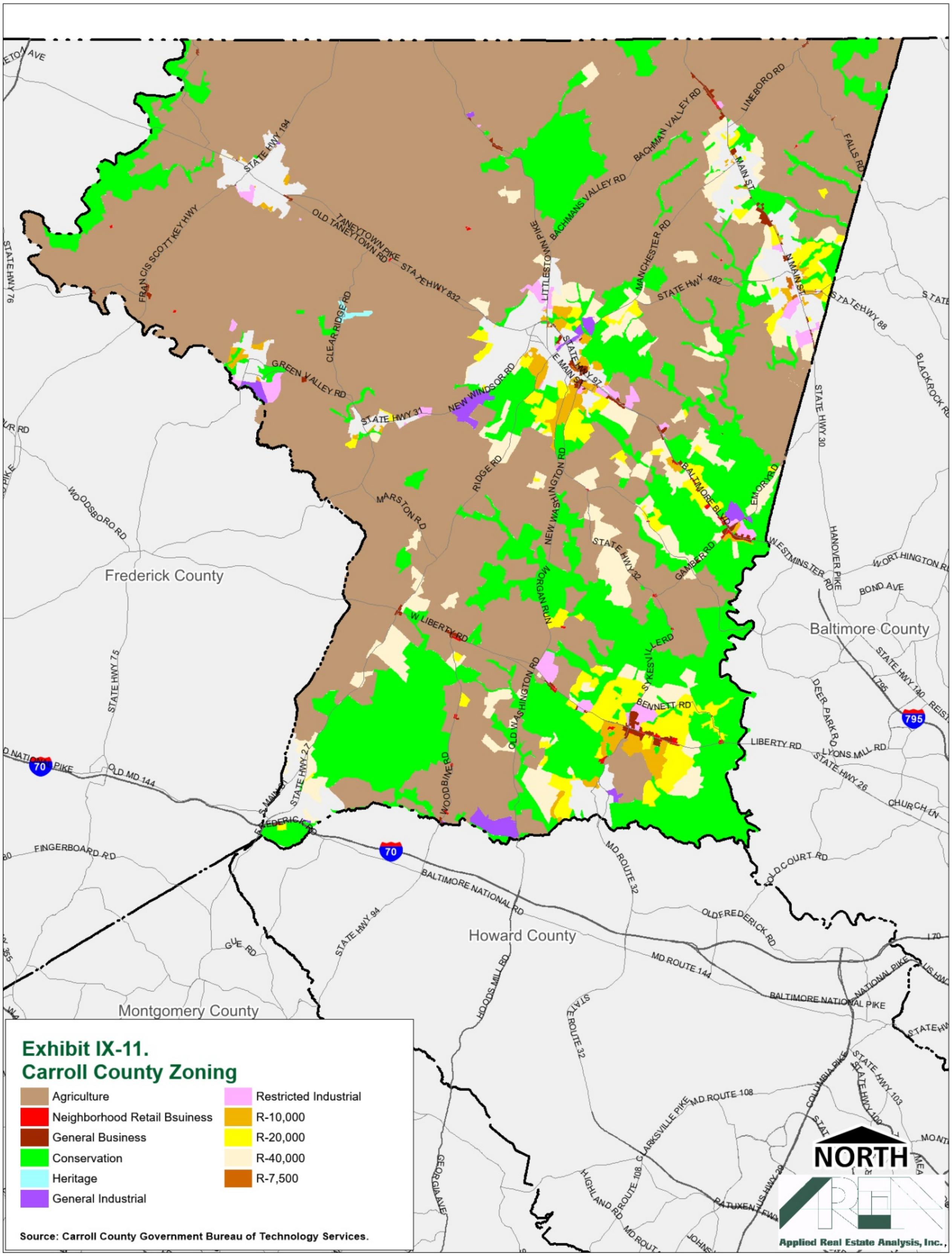


Exhibit IX-11.
Carroll County Zoning

The County zoning administrator indicates that the PUD provisions are not widely used by developers — not because they are unwieldy or uneconomical, but because the county has little land area zoned R10,000 or R7,500. There are no inclusionary zoning provisions that mandate affordable units in either single-family or multifamily developments.

Rezoning is very difficult. As in other jurisdictions in the Thompson study area, rezoning can be approved only if the character of land uses in the area has changed significantly or if it can be proven that an error was made in the zoning designation.

In 2011, the County prepared a Buildable Land Inventory. This analysis included both the incorporated municipalities and unincorporated areas. A limitation of this study is that buildable parcels were tabulated as "lots," as if each one would be developed only with single-family housing, even though PUDs with multifamily buildings are permitted in R10,000 and R7,500 zones. Also, parcels outside of a planned water and sewer service area and less than three-quarters of an acre in size were deemed unbuildable.

A very high share of total land area in the unincorporated county was determined to be "absolutely constrained," according to the inventory. This acreage includes:

- Publicly owned land (some of which may not be needed for government purposes)
- Land subject to agricultural preservation easements
- Open space
- Active quarries
- Landlocked parcels
- Road rights-of-way
- Other sites deemed non-buildable

Partially constrained acreage includes land in 100-year floodplains, with steep slopes (greater than 25 percent), wetlands, wellhead buffers, and other sites. To determine buildable residential lots, commercial and industrial acreage was also subtracted.

The Buildable Land Inventory found only 21 acres with R7,500 zoning in the unincorporated areas of Carroll County, with a potential for 90 lots (although, as explained above, there could be more units allowed). A total of 967 acres were found with R10,000 zoning, with a potential for 3,300 "lots." Given that PUDs are not permitted on lots with less than 20 acres and that typical densities are six units per acre, the data suggest little opportunity to build multistory affordable housing in Carroll County. The County's 2014 zoning revisions did not result in major changes to the inventory of buildable lots in unincorporated areas.

When interviewed by AREA, the County zoning administrator was unaware of any general occupancy apartment complexes with 50 or more units built in the previous three years or under construction at the time. However, the County does have market-rate buildings (three stories with elevators) for households aged 55 or older.

The City of Westminster (the county seat) has three basic residential zoning districts: R20,000, R10,000, and R7,500. The R20,000 zone allows single-family detached homes and farm tenant houses, with a minimum lot size of 20,000 square feet. R10,000 allows semi-detached homes if a special exception is approved; lots must be 40 feet wide or more. In the R7,500 zone, both single-family detached and attached homes are permitted, but there are restrictions on replacing historic structures. There is a 35-foot height limit in all three residential zones, but this does not seem to be a barrier for single-family or semi-detached homes. Only 40 percent of a lot's area can be covered by buildings.

In R7,500 zones, land can be reclassified to PD-4 or PD-9 (planned development). The PD-4 Zone is primarily designed for development at the edge of the city. Multifamily construction up to three stories is permitted, with four stories requiring a special exception. However, no more than 12 units are allowed per building. PD-4 also permits single-family detached homes as well as rowhouse/townhouse structures with no more than six units in a building, and 20 percent of the land area must be open space deeded to the city. Buffers are required between PD-4 and adjacent single-family detached homes already in existence. Overall residential density is limited to four units per net acre, which is difficult to achieve.[62] The PD-9 zone is similar, except that multifamily homes can reach six stories with a special exception.

Note that there are Neighborhood Preservation Overlay Zones that can also limit new construction on parcels zoned R10,000 and R7,500; where these are applied, only single-family detached and/or semi-detached homes are permitted. There is also a Compatible Neighborhood Overlay Zone, which seems more flexible and permits multifamily development, but the plans must be very specific as to what is being built.

Where multifamily development is permitted only as a special exception (on small sites under an acre), the maximum number of units is determined by dividing the lot area by 2,500. An efficiency counts as half a unit, a two bedroom as 1.25. (Nothing specific is said about three-bedroom units.) Ten percent of the land area must be open space, and the maximum height is three stories or that of adjacent structures. For larger sites, the maximum density is 15 units per acre.

[62] These standards suggest that a 12-unit apartment building would require a minimum three-acre site.

Westminster has a Mixed Use Infill Zone that can be used to accommodate housing in business districts (downtown or neighborhood). In this zone, maximum density can be 25 units per acre or even higher if public facilities are adequate and the project is consistent with the Comprehensive Plan. There are design standards regarding such matters as facades, building materials, colors, and awnings. Buildings must have a minimum of three stories and a maximum of five. Shared parking with commercial uses is permitted with the approval of the planning director.

The Buildable Land Inventory report indicates that the City of Westminster had 32 acres of still-buildable land zoned R7,500 in 2011, and another 248 acres zoned R10,000. In addition, there were 14 acres zoned either PD-4 or PD-9. Overall, the City encompasses 4,193 acres, of which 673 (16 percent) were deemed buildable. Buildable land in the four aforementioned zoning categories where multifamily might be permitted totaled 294 acres, or 44 percent of the remaining buildable land.

The City's designated growth area extends well beyond the 2011 city limits, suggesting that with extension of water and sewer service, additional multifamily units would be possible in Westminster.

Harford County Zoning

Hartford County's zoning ordinance was adopted in December 2008. The County website incorporates approved amendments through May 17, 2016. It is not clear how many changes affecting residential uses have been approved since the 2008 ordinance was adopted. The conclusions of the 2011 AI report are probably still accurate.

The County Code requires a comprehensive zoning review every eight years. With the recent adoption of a new Master Plan, a review and revision of the zoning ordinance has begun; the process will extend well into 2017. For property owners who want a change in zoning, requesting modifications during this process is said to be easier and less expensive than piecemeal zoning change requests, the costs of which must be covered by the property owner.

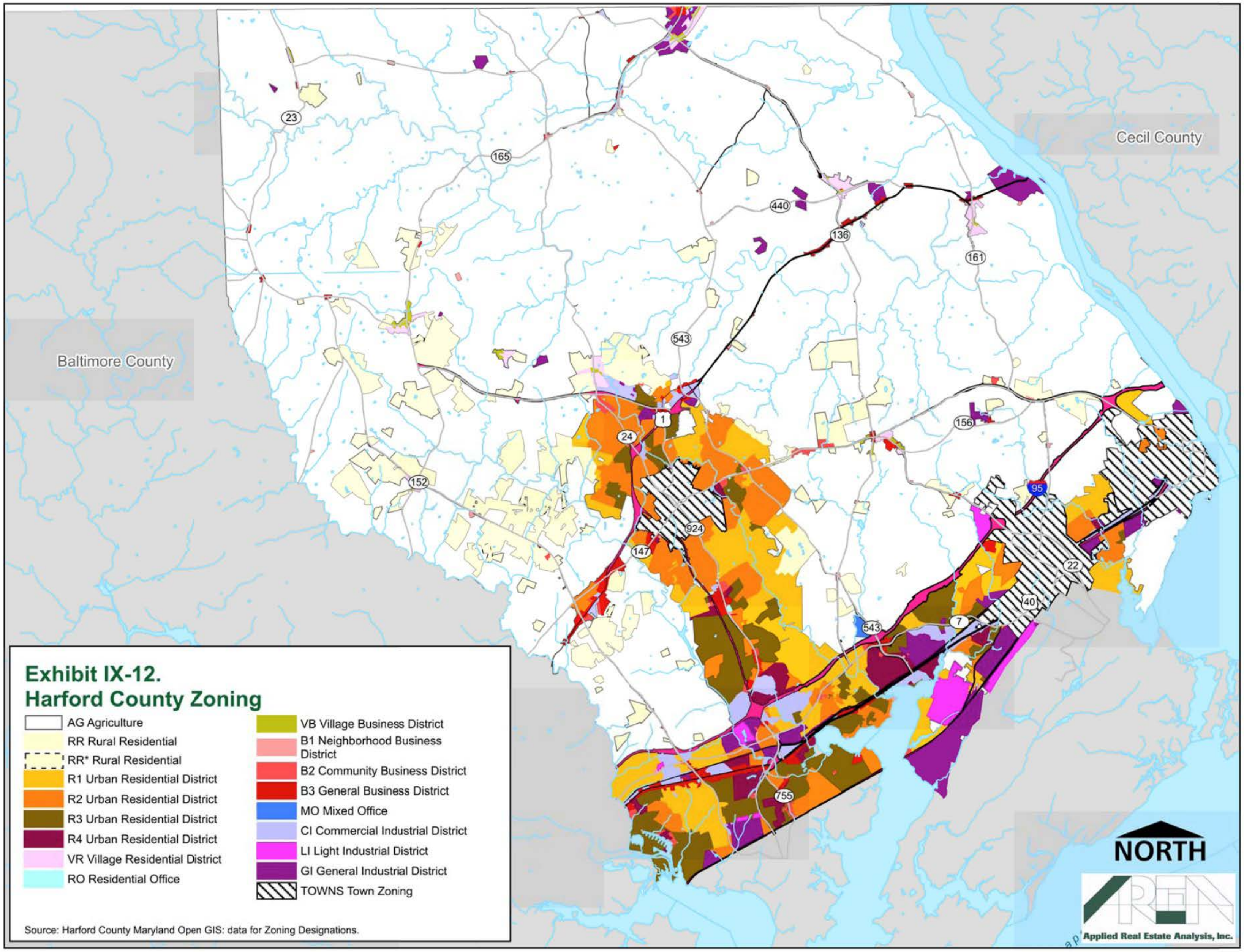


Exhibit IX-12.
Harford County Zoning
AG Agriculture
RR Rural Residential
RR* Rural Residential
R1 Urban Residential District
R2 Urban Residential District
R3 Urban Residential District
R4 Urban Residential District
VR Village Residential District
RO Residential Office
VB Village Business District
B1 Neighborhood Business District
B2 Community Business District
B3 General Business District
MO Mixed Office
CI Commercial Industrial District
LI Light Industrial District
GI General Industrial District
TOWNS Town Zoning
Source: Harford County Maryland Open GIS: data for Zoning Designations.
Baltimore County
Cecil County
NORTH
Applied Real Estate Analysis, Inc.

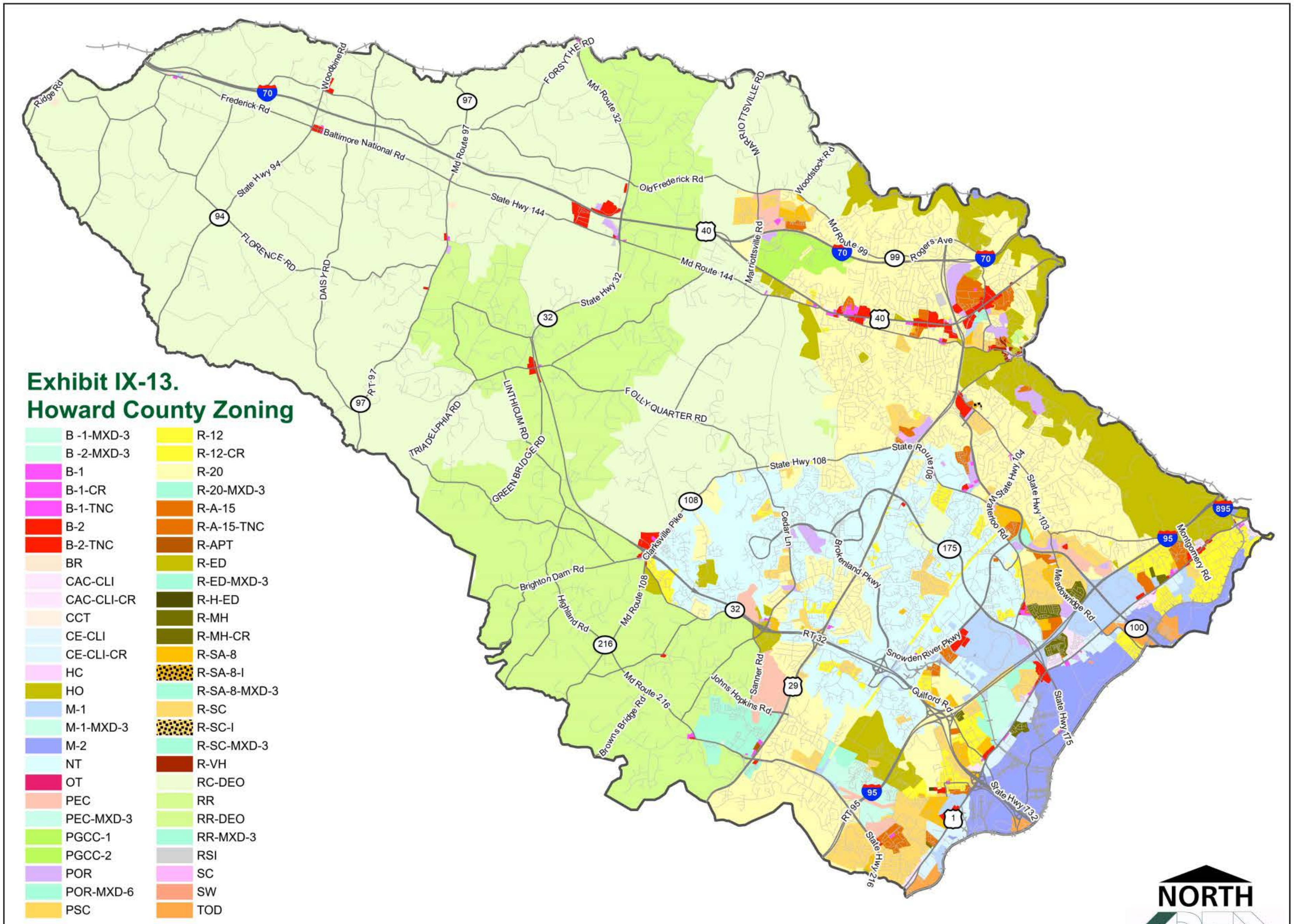
Currently, the county has five residential zones. Residential development can take one of three forms: Conventional, Conventional with Open Space (on a minimum five-acre site), and Planned Residential Development (with a minimum five-acre parcel; applicable only in R3 and R4 zones). These distinctions are a way to encourage developers to provide detailed plans and common open space in return for greater density. Minimum lot sizes tend to be smaller when using non-Conventional options. Zoning staff indicated that the Planned Residential Development has not been used.

In residential zones, the minimum lot size for a single-family detached home is 6,000 square feet. Open space needs to account for 10 percent to 20 percent of the lot area. Other housing forms, including duplexes, zero lot-line homes, townhouses, garden apartments, and mid-rises are permitted in the R3 and R4 zones subject to “special development regulations.” The ordinances specify minimum lot area per unit for these housing types. Garden apartments in an R4 zone can be no taller than three stories plus loft. Mid-rises can be up to five stories, with a minimum lot area per unit of 1,600 SF in R4. High rises can go up to be six stories tall, with a minimum lot area per unit of 1,200, but require a special exception. Open space requirements for multifamily buildings range from 20 percent of lot area in an R3 zone to 30 percent for a high-rise in R4.

Staff estimates that there are approximately 300 vacant acres zoned R3 or R4, and another 33 that are underutilized. R3 and R4 zoning is concentrated along US 40, I-95, MD 22, and US 1, and most of the acreage is already developed. Much of the acreage along US 40 is not located in communities of opportunity. As discussed previously, some of the newest multifamily properties have been built in commercial zones. New apartment complexes, including market-rate and affordable properties for both seniors and families, have been built since the economic recovery began, but one interviewee indicated that the pace of development is slowing now that supply has increased.

The City of Aberdeen has been working for some time to assemble land for a transit-oriented development near its MARC/Amtrak station, but nothing has been built to date.

Exhibit IX-13.
Howard County Zoning



Note: R-SA-8, R-A-15, R-A-15-TNC, R-APT and TOD are zones where apartments are permitted as of right.
NT = New Town, MXD = Mixed-Use Development.

Source: Howard County GIS division, Map & Data Tools: data for Zoning.

Howard County Zoning

Howard County zoning is modified periodically. The current zoning ordinance was adopted in 2007 and examined in the 2011 AI report. Some changes were made in 2013.

Currently there are two single-family detached zones (one for half-acre lots, the other for lots of 12,000 square feet), one single-family cluster zone (6,000-square-foot lots), one focused on townhouses (6,000 square feet of lot area per unit), and two for apartments (at 15 and 25 units per acre).

- In the R-A-15 zone, single-family detached and attached units as well as apartments are permitted as a matter of right, with a height limit of 55 feet. Single-family attached buildings can have no more than eight units per structure, with overall density no greater than 15 units per acre. This zone is designed to serve as a land use transition near highways or non-residential uses.

- R-APT is a higher-density apartment zone designed for sites adjacent to retail concentrations. The height limit is 65 feet, and density is 25 units per net acre.

- Howard County has a transit-oriented development provision in its zoning ordinance, even though it has only one MARC rail station. The zoning is designed to encourage multiple uses; apartments and townhouses are permitted, but residences cannot exceed 50 percent of the land area. Sites must be at least 50 acres. Fifteen percent of any residential units must be for moderate-income households (see discussion of the Moderate Income Housing Unit program below).

- The County has used density bonuses to encourage provision of desired housing types. For example, Howard County's zoning ordinance includes a planned senior community zone, which must have at least 50 units with two types of senior housing, one of which must be independent living. Permitted density (only eight units per acre) can be increased to 12 units if more than 10 percent of units are affordable to moderate-income senior households.

- Modular construction is permitted in residential zones, which is another technique that can reduce costs. There is also a mobile home zone.

- Accessory apartments with no more than two bedrooms are also permitted, with different requirements depending on lot sizes.

- "Housing Commission Developments" (affordable housing wholly owned by the Commission, or by a limited partnership using LIHTCs, in which the Commission is general partner or a managing member) are permitted in certain non-residential zones, with a 50- to 80-foot height limit depending on setbacks. Twenty-five percent of the land area must be set aside for open space.[63]

Howard County has inclusionary zoning requirements. Under its Moderate Income Housing Unit (MIHU) program, 10 percent to 15 percent of all new units built in residential zones must be affordable for low- and moderate-income households earning up to 60 percent of AMI for renters and 80 percent of AMI for homebuyers. (The program uses the 2016 Howard County median income of $107,490.) Requirements apply to age-restricted projects, mixed use, planned communities, and mobile home developments as well as conventional apartments or condominiums. The required number of MIHUs must be distributed throughout all phases and in proportion to the overall unit mix.

If the number of required moderate-income units makes a project economically unfeasible or if the project has a package of amenities and services that makes it unaffordable to income-qualified households, a developer can request to provide the required units at a different location. However, the MIHU share of total units is increased if off-site development is used to satisfy the inclusionary requirements.

MIHU rental units were available in 10 new developments in mid-2016. Units were mainly one or two bedrooms with rents between $1,000 and $1,300 exclusive of utilities. Only one development had any three-bedroom rental units. One community is for active adults, and another is a continuing care property, both for those aged 62 and older. Thus, it appears that most of the MIHU rentals would not be suitable for large families.

The County monitors ongoing compliance through reporting requirements and site visits. As of May 2016, 543 units were rented to qualified households under the MIHU program, with another 289 pending but not yet completed. Properties were located in communities throughout the county.

The MIHU program was recently expanded to include single-family developments. A fee-in-lieu option is part of the program (7.5 percent of the sales price). Even small projects must contribute. (All fees must be paid before the first unit in the development is occupied.) Alternatively, a developer can sell units at prices affordable to households with incomes lower than 80 percent of AMI and receive a reduction in the number of required units. Priority must be given to first-time buyers with the lowest incomes if they can qualify for a mortgage and to households who already reside or work in Howard County. Townhouses offered for sale in June 2016 were priced between $250,000 and $300,000.

Between 2007 and 2015, sales of 178 units were closed through the MIHU program; through the first five months of 2016, another 14 were added. Resale activity is also controlled by the County to assure continued affordability.

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[63] For example, in the Planned Office Research District (POR) or Corridor Employment District (CE).

The County's Development Monitoring Report indicated that 90 moderate-income units were included in plans approved in 2015 (50 townhouses and 40 apartments). (These numbers are smaller than the 177 MIHU approved in 2014.) Another 625 units were in various stages of the approval process—three single-family detached homes, 112 townhouses, and 510 apartments and condominiums. None were age restricted. The preponderance of multifamily units reflects the County's support for rental housing.

Most of the county's MIHU units serve households with incomes from 50 percent to 80 of AMI, not very-low or extremely-low incomes. To encourage developers to target lower income households, the program guidelines were recently modified. For example, if a project is located in a zone that requires 15 percent of all units be set aside for moderate-income households, the developer can provide only 10 percent MIHUs in a rental property if half of these serve very-low-income households (defined by the County as having incomes at or below 40 percent of the area median income).

Off-Street Parking Requirements

Parking requirements for new residential buildings are often contained in zoning ordinances. Although parking standards can be modified by variances, through shared parking arrangements in mixed-use projects, or as part of PUD approvals, providing the required number of spaces can be viewed as a cost burden, especially if they are unlikely to be used by the target population.

Demand for off-street parking depends not only on the size of residential units being built but the characteristics of tenant households (number of adults, number of employed persons) and the availability of transit as an alternative to driving. Affordable senior housing proposals are more likely to obtain relief from parking standards than family housing, where some households may have more than one car.

Exhibit IX-14 compares parking standards for jurisdictions in the study area by type of housing and number of bedrooms. County ordinances require two spaces per unit for single-family homes, duplexes, or townhouses, but the exhibit shows that municipalities may require more spaces. Why requirements are higher for single-family attached housing is not clear. Required spaces range from 1 to 1.5 per unit for studios and one-bedroom units to 1.5 to 3 spaces for larger apartments. Governments argue that additional parking is needed for visitors, especially where street parking is unavailable, resulting in higher standards.

Exhibit IX-14.
Parking Requirements for New Residential Buildings
Minimum Required Spaces per Unit

	Single-Family Detached	Single-Family Attached	Studio or Efficiency Apartment	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedroom
County							
Anne Arundel	2.0	2.0	1.0	1.0	2.0	3.0	3.0
Baltimore	2.0	2.0	1.25	1.5	1.5	2.0	2.0
Carroll	2.0	2.0	1.25	1.5	1.5	2.0	2.0
Harford	2.0	2.0	1.25	1.5	2.0	2.0	2.0
Howard	2.0	2.0	2.0 + 0.3 for visitors in all apartments regardless of size				
City							
Aberdeen	2.0	2.5	Not specified	1.5	2.0	3.0	4.0
Annapolis	2.0	1.0–2.0 depending on zone	1.0–1.8 in commercial zones; 1.5 in residential zones regardless of unit size				
Havre de Grace	2 for all unit types and sizes; 3.0 (or 2 + $1,000 for a dedicated parking fund, per unit) in a specified zone						
Westminster	2.0	3.0	1.0	1.5	2.0	2.0	2.0

Source: Applied Real Estate Analysis, Inc., based on county and municipal codes.

Local Regulations and Programs That Encourage Provision of Affordable Housing

Other than the City of Baltimore, only Anne Arundel County, the City of Annapolis, and the City of Havre de Grace (in Harford County) have housing authorities that provide traditional (publicly owned and managed) public housing units. Both Anne Arundel and Howard counties have purchased existing apartment complexes with modest rents to preserve their affordability, and Howard County has entered into partnerships with private developers to build new affordable units. All the counties in the study area, along with the cities of Westminster (Carroll County) and Annapolis (Anne Arundel County), administer their own HCV programs.

County and local governments in the study area assist in or encourage the construction of new affordable housing in a variety of ways:

- Inclusionary zoning requires developers to set aside a percentage of units in every new development (or payment of a fee in lieu) at rents or prices that would be affordable for low- and moderate-income households. The City of Annapolis and Howard County have inclusionary zoning provisions (as do other counties and cities in Maryland). Other jurisdictions in the study area do not.[64]

- Government can provide density bonuses for projects where a percentage of units are affordable.

- Permitting PILOTs (payments in lieu of taxes) for affordable housing developments reduces the property tax burden associated with new rental development.

- Eliminating fees, as Anne Arundel County does for utility hookups serving low-income senior housing, reduces upfront costs.

- Most jurisdictions have one or more programs designed to assist low- and moderate-income households to become homeowners. These programs take the form of downpayment assistance, “soft second” mortgages, grants and/or low-interest (or no-interest) loans for repairs and weatherization, and homeownership counseling.

As discussed previously, governments can make it easier for voucher holders to find privately owned units by passing “source of income” legislation, which prohibits landlords from discriminating against potential tenants based on their method of paying rent. In other words, a prospective tenant who uses an HCV (or income from another program, such as a disability payment) to cover the rent must not be rejected because

[64] As discussed earlier, Annapolis’s inclusionary program has not been very effective; it has produced few units since its adoption.

payments come from the government. The City of Annapolis and Howard County have passed this type of legislation; in Baltimore County, the council considered it 2016. Despite support from the county executive, planning director, and director of the County's housing office, it did not pass. Although a bill prohibiting source-of-income discrimination has been submitted to the state legislature numerous times, it has not yet been successfully passed.

In a tight housing market, it is difficult to generate support for source-of-income legislation from landlords and the professional associations that represent them, even though property owners would continue be able to screen potential HCV tenants for such factors as previous rent payment history or criminal background.

Anne Arundel County Affordable Housing Programs

The Housing Commission of Anne Arundel County administers public housing with five projects totaling 918 units. Two of these are for family occupancy, with a total of 433 units. Public housing properties built prior to 1981 are open to household with incomes below 80 percent of AMI; newer properties serve only households with incomes below 50 percent of AMI. The County is converting public housing complexes to HUD's Residential Assistance Demonstration (RAD) program. Conversion at two family complexes (Meade Village and Freetown Village) is expected to begin in 2017.[65]

As of 2016, the County had authority for 2,099 HCVs, but only 1,761 were in use due to cost constraints. The voucher wait list has over 6,000 households (families and seniors); it was closed in July 2014, when the wait for an HCV was 7 to 10 years. No new vouchers had been issued since 2011, but the Commission expected to issue 50 in 2016 because it received some additional HUD funding and because some vouchers had not been used.

According to information provided by Housing Commission staff, 291 Thompson voucher holders were said to be living in Anne Arundel County as of May 2016. Most voucher households are looking for two- or three-bedroom units. Although townhouses are attractive to families with children, most are in properties with homeowners' associations, and vouchers do not cover homeowner association fees.

The Commission also allocates project-based HCVs; four family properties had received project-based vouchers as of 2016.

[65] At the end of 2016, the Housing Commission was planning to increase the number of units at Meade Village from 200 to 231, and at Freetown Village from 154 to 231.

Arundel Community Development Services, Inc. (ACDS) is responsible for administering the County's CDBG programs funded by HUD. Its services also include running homeownership counseling programs and providing housing rehabilitation assistance to homeowners. (ACDS also manages housing rehabilitation programs for the City of Annapolis). The County's housing programs include:

- Zero-interest, deferred-payment loans for income-qualified disabled homeowners to retrofit their homes. Loans are available using CDBG or state funds, with different maximum income standards.

- A general housing rehabilitation program for homeowners offering zero-interest loans, with repayment deferred for 30 years. The County's 2017 CDBG Action Plan expects to provide this assistance for 15 households.

- Counseling for homeowners in foreclosure avoidance.

- A mortgage assistance program for first-time buyers, providing up to $20,000 in assistance with downpayments and closing costs, also using a zero-interest loan repayable when the home is sold or in 30 years, whichever occurs first. Homeownership counseling is required.

- A Rental Housing Production program that offers low-interest gap financing for acquisition, rehabilitation, and/or new construction of rental housing serving households with incomes at or below 60 percent of AMI. These funds are typically combined with LIHTCs and state financing assistance. The target for 2017 is for 50 units to be assisted through this program.

- Approving payments in lieu of taxes (PILOTs) and waiving fees as incentives to encourage rental construction for low-income households.

- County purchase and renovation of homes that are rented to income-qualified tenants.

As these program descriptions suggest, most of ACDS's programs are oriented to low and moderate-income homeowners, not renters. However, ACDS's Consolidated Plan for FY 2016–2020 has a goal of encouraging provision of 50 privately developed rental units in communities of opportunity, with priority for family units, through PILOTs and other financial incentives. The plan also seeks to provide 25 additional households with tenant-based rent subsidies and to fund the renovation of 120 affordable rental units through technical and financial assistance to property owners. These numbers are small given the number of households on the wait list for vouchers.

City of Annapolis Affordable Housing Programs

The Housing Authority of the City of Annapolis (HACA) owns and manages 790 affordable rental units, of which 154 are in general occupancy buildings. Each property maintains its own wait list. HACA also manages 384 vouchers (53 of which are project based); 351 were leased as of June 2016, and 623 applicants were on the wait list. The payment standard for tenant-based vouchers is 110 percent of the Baltimore regional FMR.

Two private firms manage 253 additional affordable rentals that were formerly part of the Housing Authority inventory. Some units were demolished and others were renovated using LIHTCs.

HACA staff indicated that some landlords are unwilling to accept vouchers despite the fact that discrimination by source of income is a violation of Annapolis fair housing law.[66] Even so, households with vouchers can usually find suitable units in Annapolis or elsewhere in Anne Arundel County without great difficulty. The housing authority works with landlords to increase understanding of how the voucher program operates.

The Community Development Division of the City's Department of Planning and Zoning funds a variety of home renovation program for owners. One program assists with modifications needed for homeowners with disabilities. Another provides financial assistance (grants and loans) using state and federal funds to repair roofs, furnaces, wiring, and windows, for example. Applicants must meet income criteria, and budgeted funds are modest.

In its CBDG Action Plan for FY 2016, Annapolis recommended the creation of a First-Time Homebuyers Program that would assist with closing costs, provide mortgage write-downs, and expand housing counseling efforts. This would be in addition to financial assistance and counseling provided to buyers under the Moderately Priced Dwelling Unit program. The County funds housing counseling for low- and moderate-income households in Annapolis who wish to become homeowners.

City assistance programs for renters or for rental housing production are limited. The state-funded Rental Allowance Program provides rent subsidies to low-income families who are homeless, in danger of becoming homeless, or have emergency needs. Participation is limited to households earning less than 30 percent of AMI.

[66] As is the case in Howard County, prospective tenants must file fair housing complaints with the City's Human Relations Commission. If commission staff determine that a complaint has merit, they attempt to resolve the issue through mediation. If this fails, the commission holds a hearing. The time required to complete the complaint process varies.

The Emergency Shelter Grant Program is a competitive effort funded by the State of Maryland using federal dollars to help with operating expenses at homeless shelters. The City currently assists Lighthouse Shelter, the only place within the city limits that assists homeless single adults (both men and women) year round.

Baltimore County Affordable Housing Programs

The County does not own or operate any public housing properties. The Office of Housing, part of the Department of Health and Human Services, administers the voucher program. HUD allocated over 5,700 vouchers to the County as of October 2016 (including special-purpose HCVs), but only 5,040 were in use. As is the case elsewhere in the study area, the high cost of sound rental housing, the desire to place voucher holders in opportunity areas, and the space needs of large families make it difficult to stretch voucher funding to reach the maximum number of households. Nearly 19,000 households were on the HCV wait list, but it was still open. The average wait time to get to the top of the wait list is approximately 10 years.

Exception rents up to 120 percent of FMR can be approved for voucher holders in Baltimore County who move to communities of opportunity.

The Office's Five-Year Plan draft indicates that the County intends to apply for more vouchers, including special purpose vouchers and project-based Section 811 vouchers. The Office intends to actively market the HCV program to landlords, not only to increase the number of properties participating but to expand choices outside of neighborhoods with concentrated poverty or minority residents. However, Baltimore County has no source of income protections in its fair housing laws.

Baltimore County is shifting its strategy to dedicate more vouchers for project-based assistance, which will presumably allow it to target new development in areas outside of poverty concentrations. As of mid-2016, four properties had project-based vouchers. All were for seniors, persons with disabilities, or households needing supportive services: TABCO Towers (182 units, elderly); Prospect Place/Nehemiah House (20 units, for those needing case management services); Remington (100 scattered-site units for households requiring accessible units); and 50 units (also scattered site) for persons with disabilities. These properties have their own wait lists, and none is a large general-occupancy property. The County is also committed to applying for special HUD vouchers for existing project-based Section 8 buildings where the subsidies are expiring and landlords are opting out.

The County has a short-term assistance program (Rental Allowance Program, or RAP, using state funds) that can help eligible homeless households or those with emergency financial needs for up to one year. A four-person household would receive $380 per month, which would not stretch very far given local rental costs.

The Office of Housing also maintains an online listing of affordable rental properties available in the private sector; it is searchable by zip code. As of July 21, 2016, 239 listings were on the list. However, virtually all of those listed are located to the east of I-95, primarily in the Dundalk, Essex, and Middle River areas. Many of these areas do not qualify as communities of opportunity.

In November 2011, three individuals, two local housing advocacy groups—Baltimore Neighborhoods, Inc., and the NAACP—filed multiple administrative complaints with HUD regarding the policies and practices of the Baltimore County Housing Office and the County's housing policies in general. They alleged violations of the Fair Housing Act and Americans with Disabilities Act. The County denied the allegations but agreed to participate in a conciliation process. After more than four years of negotiations, the County executed a conciliation agreement in March 2016.

The County avoided having to go to court. Litigation could have resulted in a requirement to build public housing,[67] risked the loss of federal funding, and required the County to pay attorneys' fees and fines.[68] As part of the settlement, the County agreed that there is not enough affordable rental housing for families and needed to encourage more workforce housing by providing financial assistance to developers and undertaking efforts to improve the mobility of low-income and minority households. Provisions of the agreement included commitments to:

- Build 1,000 affordable rental units over the following 12 years (83 per year), with all but 142 units to be dispersed across 132 high and very high opportunity census tracts. The units could be provided through new construction, substantial rehabilitation, and/or acquisition of privately owned properties. Existing subsidized units cannot be counted toward this goal.

- Require deed restrictions that assure 15 years of affordability.

- Target at least 150 units to households with incomes under 30 percent of AMI and 650 for households under 60 percent of AMI through new construction or substantial rehab.

- Require that 100 units be wheelchair accessible and 500 units must have three or more bedrooms.

- Allow occupancy of units created under this agreement to any household with an income under 60 percent of AMI, not just voucher holders.

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[67] The County does not own any public housing units.

[68] The agreement did not require Baltimore County to pay any penalties to HUD. The County did have to pay legal fees for the three individual complainants and the two organizations that were party to the agreement.

- Market the units specifically to African-American households with children.

- Provide $3 million per year in County funds for 10 years to leverage other sources of financing.

- Establish a mobility counseling program.

- Work to preserve the existing affordable stock.

- Create affordable senior housing that is not part of the agreement.

The conciliation agreement does not mention the URDL; no changes were required in Baltimore County's smart growth policies and protections for agricultural land and environmentally sensitive areas. Zoning and development approval processes were not changed.

Exhibit IX-15, on the following page, shows where the affordable units can be built. Census tracts where unlimited new affordable housing construction would be permitted are located in many parts of the County, but these tracts also include vast acreage beyond the URDL where public services are limited and utility extensions are unlikely. The agreement greatly limits construction of affordable family units in neighborhoods to the east of Interstate 95 that have poverty and minority concentrations, as well as in some areas along Interstate 795 and the Baltimore Beltway.

Households participating in this program must be employed, in a job training program (or willing to enroll in one), or disabled. They will receive financial counseling that will help with understanding leases and home maintenance responsibilities. The County will also allocate funds for accessibility modifications ($300,000 per year for 10 years), as well as outreach and education for landlords and citizens at large.

The conciliation agreement also requires that source-of-income legislation must be brought to the County Council. Although submitted by the County Executive, the legislation did not pass the County Council when it was brought for a vote on August 1, 2016. Pursuant to the agreement with HUD, the legislation must be resubmitted to the council.

To assist in implementing the agreement, the County established a fund to help developers seeking to create affordable rental housing. The fund was given an appropriation of $3 million per year in fiscal year 2016.

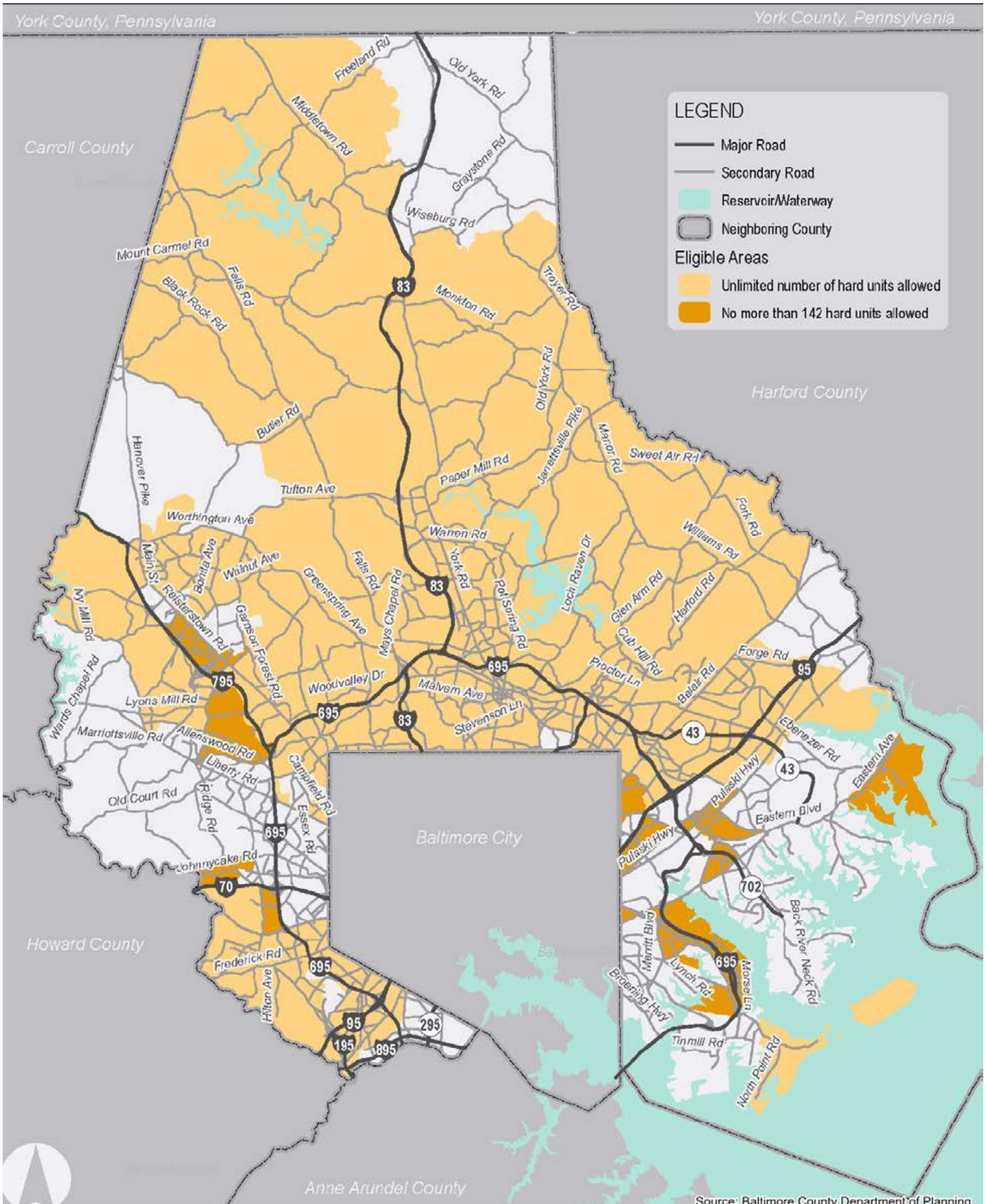

Exhibit IX-15.
Baltimore County Conciliation Agreement
Affordable Housing Areas

Applied Real Estate Analysis, Inc.

Carroll County Affordable Housing Programs

The County's PHA is the Carroll County Bureau of Housing and Community Development (BHCD), which is part of the Department of Citizen Services. The bureau does not own or operate any public housing buildings; however, it administers the County's HCV program. Reports filed with HUD indicate that BHCD was authorized for 649 HCVs, of which 644 were in use as of February 2015.[69]

BHCD encourages rental property owners outside of areas with concentrated poverty or minority group residents to participate in the HCV program. Staff members work with real estate organizations representing rental property owners and managers and encourage landlords to list vacancies on mdhousingsearch.org. The bureau focuses on extremely low-income households with incomes under 30 percent of AMI. The County's voucher payment standard is 110 percent of FMR, but BHCD used a 95 percent standard in 2015 to stretch its funds to serve more extremely low-income households.

BHCD's 2015 report to HUD shows that it serves 644 voucher households with 1,304 individuals. In 2016, the agency hoped to dedicate 10 to 20 vouchers to a pilot program designed to help homeless families find permanent housing.

In 2015, the BHCD wait list had over 1,600 households; reports indicate that wait time had increased from 22 to 42 months over the previous five years.

The City of Westminster has its own PHA (the Office of Housing Services) and its own allocation of HCVs from HUD (293, none of which are restricted for use by special needs populations). It does not own any public housing units. When interviewed by AREA, City staff reported that an estimated 255 to 260 vouchers were in use. Households that need larger units, which are more expensive, use funds that make it difficult for the City to issue all the vouchers allotted by HUD.

The wait for a Westminster voucher was reported to be over one year, but the list is open. Exception rents are not approved for Westminster. City voucher holders are generally able to find a unit within the city limits, although at times available single-family rentals that would be attractive to families with children are too expensive.

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[69] Carroll County's housing office did not respond to repeated requests for detailed information on its programs. Some information on policies and programs was available from the County's website, but it is not always current.

Harford County Affordable Housing Programs

Harford County does not own any public housing units but has received 1,269 HCVs, according to HUD's database. The Department of Housing and Community Development (DHCD) operates the County's HCV program, which has a wait list of over 1,700 households. Preference is given to current Harford residents or persons who work in Harford. The HCV wait list is open, and applicants can check their status online. Certain vouchers are targeted to special populations—such as households with a member with HIV/AIDs or other disability, and homeless families. Some market-rate properties have received project-based vouchers as well.

Individual households with vouchers are said to encounter difficulty in finding a sound unit within the HCV rent limits, and they can also experience resistance from landlords unwilling to accept vouchers. (The County does not have rules prohibiting discrimination by landlords based on source of income.) The County discourages voucher households from moving to areas with concentrations of poverty or minority population, which further limits the supply of possible rentals.

The City of Havre de Grace has its own housing authority. The housing authority owns and operates a 60-unit townhouse development (Somerset Manor) that provides 10 one-bedroom units for seniors and the disabled, and 50 two- to five-bedroom units for families. Somerset Manor is the only public housing in Harford County. The wait for a unit is one to three years depending on the number of bedrooms.

The County's three municipalities do not have their own Housing Choice Voucher allocation; their residents must register for the County wait list.

Aside from vouchers, the County has a limited number of housing programs that assist households with very low incomes or encourage the development of affordable multifamily units.

- HCV program information is provided on the DHCD's website and in printed materials available at County offices that are used in outreach efforts with landlords. These materials discuss the rights and responsibilities of the DHCD, tenant, and landlord; describe the paperwork and inspections involved in becoming a program participant; and provide a sample housing assistance payment contract.

- The County's Rental Allowance Program provides a rent subsidy to low-income residents who are either homeless or in need of temporary emergency housing and not eligible for any other housing assistance program. One year is the maximum period for the subsidy. Limited funding is available.

- Housing Assistance for Families with Disabilities provides tenant-based rental assistance and supportive services to income-eligible families with HIV/AIDS.

- The County used CDBG funds to acquire land for an 84-unit affordable apartment development built with LIHTCs. Harford County also acquired and rehabilitated six homes that were later sold to first-time homebuyers.

- Harford's website has a list of apartments where vouchers are accepted, which can be very helpful to households searching for a unit.

- It runs workshops for first-time buyers and holds two housing fairs each year.

Howard County Affordable Housing Programs

The Howard County Housing Commission and the Department of Housing and Community Development (DHCD) have responsibility for housing program administration. The Commission is an independent agency that serves as the county's PHA, similar to the system used in Anne Arundel County. It acquires, develops, and manages property with other agencies and with private sector partners, and it administers the HCV program. The Commission owns 12 rental complexes, some of which are older properties purchased and renovated to protect affordability, and others are new projects built using public–private partnerships. DHCD offers incentive programs to encourage affordable housing construction, handles their administration and monitoring, and conducts educational programs for landlords, tenants, homebuyers, and the real estate and banking industries.

As of 2016, the housing commission has a HUD allocation of approximately 800 HCVs and another 525 portable vouchers. Interviewees indicated that many households receiving vouchers from other jurisdictions port into Howard County. This may reflect the county's supply of rental apartments and the fact that its prohibition against discrimination due to source of income may encourage HCV holders to try to find housing in Howard. All of the county's vouchers were being used. The voucher wait list (which is closed) has over 5,000 households, and staff estimate the wait time at eight to nine years. Program staff indicate that approximately 65 percent to 70 percent of HCV households are families; the remainder are seniors or persons with disabilities.

In prior years, HUD approved an exception rent of 130 percent of FMR for HCV holders who found housing in Columbia, the county's highest-rent area. The countywide standard is now 110 percent of FMR. Households have to demonstrate difficulty in locating an affordable unit at 100 percent of FMR to receive approval for the higher rent. Commission staff members indicate that 80 percent of voucher holders reside in Columbia because it has the county's largest supply of apartments and townhouses.

Through DHCD, Howard County provides a wide range of homeownership-related services, including:

- Individual buyer counseling
- Monthly homebuyer education workshops
- Foreclosure prevention programs
- An annual housing fair with educational sessions for both owners and renters (multilingual)
- Participating in local Realtors' fair housing training sessions for brokers and lenders
- Conducting tours of inclusionary housing developments
- Providing settlement and/or downpayment assistance for low- and moderate-income buyers once they have been approved for a first mortgage
- In partnership with the state, establishing a housing repair program using low-interest deferred payment loans
- Providing funds to low-income homeowners with disabilities to improve safety and mobility in their homes

In addition to the MIHU law discussed in the zoning section, Howard County also offers programs designed to assist landlords and low-income tenants.[70]

- For sponsors of rental projects where at least 20 percent of units will be rented to tenants with low or moderate income, grants of up to $4,000 per unit are available to cover costs such as development fees, building permits, and utility connection fees. The income restrictions must be for 20 years unless waived by the county executive.

- Another County program provides loans to sponsors for capital and operating expenses, or for settlement costs related to acquisition and rehab, if no other sources of funds are available.

- A low-income household that needs to move due to storms or floods, or acquisition, rehabilitation, redevelopment, or demolition of a property involving state, county, or federal action, can receive funds for relocation. The grant pays for moving expenses; it can also cover settlement costs, downpayment for a purchase, or rent differential for 24 months. The grant amount is up to $5,000.

- The County's Retrofit Loan and Grant Program provides loans to credit-worthy borrowers with disabilities and grants to very low-income tenant households to retrofit their dwellings to improve accessibility and safety. Homeowners must

[70] AREA did not obtain data on the number of households served under each program and how funding may or may not have changed over time.

have incomes below 110 percent of AMI, and renters must earn below 40 percent of AMI.[71]

- At a rental property converting to condominium, the County can require that up to 20 percent of units be subject to lease extension provisions for tenants that are current in their rent payments and not in violation of their leases. An extension of three to six years is applicable for households with incomes below 80 percent of AMI or where the household includes a senior or person with a disability. The length of the extension depends on how long the household lived in the property prior to notice of conversion. If not enough tenants qualify to fill 20 percent of the units, the owner must offer the remainder to the Housing Commission as part of the MIHU program.

- When an affordable rental property is being sold, Howard County must be notified. Although the County does not have the right of first refusal, advance information allows the County to make a bid to acquire at-risk properties.

- The County purchased land to provide 35 units of permanent supportive housing for the homeless (small efficiencies) and purchased a market-rate apartment community with moderate rents in 2014. Other existing affordable developments have been purchased and renovated with County funds.

- The County has also acquired foreclosed and older homes and renovated them for use by low- and moderate-income households, both purchasers and renters.

- Lists of developments with affordable units are provided on the County website. However, they are not prominently featured, and some tenants may be unable to find them.

- Howard County will approve PILOTs (payments in lieu of taxes) to enhance the financial feasibility of proposed affordable development projects.

[71] As indicated earlier, Howard County's own housing programs use income-eligibility standards based on Howard County's median income, not that of the Baltimore MSA as a whole.

Conclusions and Recommendations

- **Government policies designed to curb sprawl and protect natural resources are laudable.** The State of Maryland has strong growth management policies designed to conserve productive farmland and forests, protect environmentally sensitive land, curb pollution from storm runoff and septic tanks, and limit creeping suburbanization. All five suburban counties in the study area have growth limits that reflect these State policies, which also serve to curtail wasteful spending on unnecessary infrastructure extensions. These policies serve a positive public purpose.

  However, designation of acreage in opportunity areas for large-lot single-family development on land with septic tanks results in exclusion of affordable multifamily housing and moderately priced, market-rate single-family development. Growth-restricted areas represent a large proportion of the high and very high opportunity land inventory, where construction of affordable rental housing is needed.

  Whether these policies are expressed as growth tiers, demarcation lines, or urban growth boundaries, they have the same result: the extension of public services to undeveloped areas rarely happens. Developing multifamily rental units without public water and sewer is practically impossible, whereas large-lot single-family homebuilding may still be possible.

  All the study area jurisdictions, with the exception of Annapolis, are experiencing population growth and clearly need more affordable housing. AREA did not examine Maryland's state budget in detail. However, state funding to defray a portion of demolition and site improvement costs would help encourage use of infill or obsolete properties in areas where utility and road infrastructure already exists.

- **The State of Maryland has made changes to the Qualified Allocation Plan (QAP) governing LIHTC allocation to encourage more development of family housing in communities of opportunity.** Such proposals now have a chance to earn a higher number of points in the competitive rankings used to award LIHTCs. Also, local government endorsement of developer proposals for affordable family projects is no longer a condition of receiving an LIHTC allocation. Such changes were recommended in the 2011 AI studies and the 2014 regional housing plan. However, the QAP still does not have a special set-aside for LIHTC proposals located in the Baltimore suburbs, as was also recommended.

- **All jurisdictions have zoning categories that permit single-family attached and/or multifamily development, but permitted densities vary widely.** Townhouse densities of six to eight units per acre are not sufficient to make development of three-story walkup apartments feasible. PUD provisions and mixed-use zones are one way to allow greater flexibility in residential density, but they are not always widely used. Interviewees reported regular use of PUDs in Baltimore County but not in Harford County. In unincorporated Carroll County, PUD sites need 10 to 20 acres, which is more land than is needed for small multifamily properties typically found in a rural setting.

- **In jurisdictions where zoning ordinances allow development at densities appropriate for apartment construction (10 to 15 units per acre or more), little acreage is zoned at these densities, and much of the land is already developed.** Developers who are willing to build affordable rentals must look for infill parcels, build on commercial- or industrial-zoned land, or redevelop sites with obsolete uses. Preparing these sites for development is inherently costlier than building on greenfield sites at the urban fringe. Further, infill or redevelopment proposals in mature communities can encounter opposition from citizens concerned about the impact of new affordable housing on traffic, school capacity, and/or nearby property values. At a minimum, such developments encounter delays in the approval process or are ultimately rejected.

- **Town center or transit-oriented zones allow higher density development than is typically seen in suburbia, but land near successful town centers or train stations will be expensive.** Carroll and Howard counties have no commuter rail stations; Howard County commuters use MARC's Laurel train station just over the border with Prince George's County or use bus service to Baltimore or Washington.

- **Affordable family housing developers are using land with commercial zoning** if nearby business activities are compatible with housing for families. Redevelopment of marginally occupied or underused commercial sites should be encouraged, as these sites are often near jobs and transit.

- **Inclusionary zoning provisions can be helpful in increasing the supply of affordable housing,** but not all programs are equally successful. Only two study area jurisdictions have inclusionary provisions. In Howard County, the MIDU program has resulted in a substantial number of new rental and for-sale units. However, these units are not deeply subsidized; without project-based vouchers, the properties do not reach households with very low or extremely low incomes. As a result, the County is modifying the MIDU program to encourage allocation of more units affordable to households with incomes below 50 percent of AMI. In contrast, the Annapolis inclusionary zoning program has been less successful. Only one apartment complex has inclusionary units, and though these apartments are well occupied, little development activity occurs in Annapolis at a scale that can make use of the program. The for-sale inclusionary program has been problematic, with some units slow to sell. Modifications are needed.

  The 2011 AI report recommended adoption of an inclusionary zoning ordinance along with financial incentives to encourage development of new affordable housing in Anne Arundel County, but elected officials have not approved such proposals. The 2014 BRC/Opportunity Collaborative housing plan stressed the need for inclusionary zoning legislation throughout the region and recommended inclusion of units that are affordable to households with extremely low incomes. Thus far, no additional jurisdictions have adopted such zoning modifications.

- **The development approval process can be time consuming, unpredictable, and expensive.** From what we learned in the literature review and by reviewing plans and ordinances, there is no way to generalize about how much time a "typical" family project (say, an 80-unit LIHTC project) might need. The answer depends on the existing zoning, whether any variances are needed, if a PUD process is used, whether the site has any environmental constraints, how many public hearings are held, and whether changes need to be made between preliminary and final site plan approval. Uncertainty and delays affect affordable housing developments more than market-rate multifamily projects because of the need to apply for multiple government funding sources (such as Maryland's 9 percent LIHTCs or bond financing, loans, HOME, grants from the Federal Home Loan Bank, and trust fund dollars from County government); often there are varying deadlines. County planning and zoning officials recognize that uncertainty is frustrating and expensive for affordable housing developers, but changes are difficult to implement.

  However, high fees and more complexities in the construction permitting processes do not appear to serve as a barrier to the construction of new affordable housing. Based on a comparison of the number of required permits, permit fees, cost per unit, and the complexity of the building permit and inspection process, the City of Baltimore stands out as the most regulated and costly of all the jurisdictions studied. Carroll County is the least costly and has the simplest permitting process. Despite these challenges, Baltimore City claims the highest number of affordable multifamily housing developments, whereas Carroll County provides the fewest number of affordable housing properties.

- **Wait lists for HCVs are long, and many are closed.** More voucher funding is the only solution to this problem. Existing programs designed to encourage affordable housing production, including the LIHTC program and inclusionary zoning, do not produce enough units to make a dent in the need for housing serving very-low- or extremely low-income households.

- **County and municipal programs designed to encourage production of rental housing are limited in scale and funding levels are uncertain.** Most local housing programs in study area jurisdictions are designed to help low- and moderate-income families buy a home or address financial problems they may encounter once they do.

- **Jurisdictions should consider waiving or reducing fees** paid by affordable properties for costs such as utility hookups, building permits, and site plan filing.

For developers who wish their fees to be waived or reduced, properties should provide at least 20 percent of their units that are affordable to households earning less than 60 percent of AMI.

- **Source-of-income legislation protects voucher holders from discrimination in the rental market.** It is difficult to encourage landlords to accept tenants with vouchers, especially in opportunity areas where vacancy rates are low and rents are on the rise. Enacting this legislation at the state level and in Baltimore County (where it was proposed but not passed by the council) would be helpful not only to Thompson households but those with county or city vouchers. State legislation would encourage all the Baltimore metropolitan area jurisdictions to follow suit. (In addition to the City of Baltimore, only Howard County and Annapolis consider discrimination against voucher holders to be a violation of fair housing laws at the time of this research.) In jurisdictions that lack fair housing protection for voucher holders, holding workshops in cooperation with local real estate organizations and disseminating printed information on the rights and responsibilities of landlords and tenants participating in the HCV program can help to reduce landlord reluctance to rent to HCV holders.

  Even when voucher holders are protected under source of income laws, prospective tenants must file complaints with the office responsible for enforcing local fair housing ordinances when they encounter landlord resistance.[72] It is important that local housing agencies provide HCV holders with information on how to file complaints and where to file them when they receive their vouchers.

  Efforts by local housing agencies to educate landlords about the HCV program are very important (especially small-scale property owners). These efforts are expanding. The Opportunity Collaborative and the Community Development Network of Maryland formulated their “Consider the Person” program to provide information on how the HCV program works as well as the rights and responsibilities of both landlords and tenants who participate.

- **As indicated in Section VIII of this report, voucher payment rates at 100 percent or 110 percent of FMR are often insufficient in communities of opportunity in the suburbs.** Voucher rates in the Baltimore MSA are heavily influenced by large numbers of low-priced rentals in the City of Baltimore. In the suburbs, even 110 percent FMR rates are often not high enough to find an apartment at a good-quality property in a community of opportunity. Housing staff indicate that HUD is slow in approving exception rents. As indicated in Section VIII, small area FMRs that more accurately reflect actual local rental market conditions could make it easier for voucher holders to find units in opportunity

[72] In Howard County, housing discrimination complaints are handled by the Office of Human Rights. Relatively few source of income discrimination complaints are filed each year (18 in 2016, 23 in 2015). Housing staff report that 85 percent to 90 percent of complaints are resolved before they reach the formal hearing stage.

areas, but this could have budget implications for PHAs trying to assist the maximum number of households.

- **Counties are moving toward awarding more project-based vouchers from their respective allocations.** With project-based vouchers covering a percentage of units in affordable or mixed-income properties, lenders and investors see a more stable and secure income stream. County and municipal housing agencies will see economies of scale in completing HUD-required paperwork and conducting inspections.

  Recognizing the need to strategically use voucher allocations, jurisdictions in the Baltimore MSA, using HUD seed money, formed a consortium that will provide 100 project-based vouchers (called the Regional PBV program).[73] A request for proposals to developers was issued in July 2016. The Baltimore Regional Housing Partnership will administer the vouchers. No more than 25 percent of units in a proposed project (either new construction or substantial rehabilitation) can receive vouchers; there is a minimum of five vouchers per award. At least two-thirds of the vouchers must be allocated to sites in high opportunity areas. The state pledged to support this effort when scoring LIHTC applications for the 2016 round.

  The consortium initially awarded 16 project-based vouchers to a mixed-income property in Ellicott City, in Howard County. A second round of proposals will be solicited in 2017.

[73] Carroll County is not part of the consortium.

APPENDIX A.
THE CARTOGRAPHY OF OPPORTUNITY

March 2017.

The Cartography of Opportunity: Spatial Data Science for Equitable Urban Policy

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Abstract: As evidence on the contextual effects of place upon individual outcomes has become increasingly solid over time, so too have urban policies and programs designed to connect underserved people with access to spatial opportunity. To this end, many attempts have been made to quantify the geography of opportunity and quite literally plot it on a map by combining evidence from studies on neighborhood effects with spatial data resources and GIS technology. Recently, these opportunity maps have not only become increasingly common but their preparation has been encouraged and facilitated by the US Department of Housing and Urban Development. A closer look at the foundations and methods that underlie these exercises offers important lessons I examine the practice of opportunity mapping from both theoretical and methodological perspectives, highlighting several weaknesses of the common methods. Following, I outline a theoretical framework based on Galster's (2012) categorization of the mechanisms of neighborhood effects. Using data from the Baltimore metropolitan region, I use confirmatory factor analysis to specify a measurement model that verifies the validity of the proposed theoretical framework. The model provides estimates of four latent variables conceived as the essential dimensions of spatial opportunity: Social-Interactive, Environmental, Geographic, and Institutional. Finally, I develop a neighborhood typology using unsupervised machine learning applied to the four dimensions of opportunity. Results suggest that opportunity mapping can be improved substantially through a better connection to the empirical literature on neighborhood effects, a multivariate statistical framework, and more direct relevance to public policy interventions.

The complete paper can be found at: http://knaaptime.com/papers/carto_of_opp.pdf.

APPENDIX B. ASSISTED/INSURED HOUSING RECONNAISSANCE INTERVIEWS

APPENDIX B.
ASSISTED/INSURED HOUSING RECONNAISSANCE INTERVIEWS

The purpose of the reconnaissance interviews was to obtain insights from key stakeholders into the current status of assisted or insured properties and units in the Baltimore region, especially their risk of opt-out and if information on properties that opt out or are at risk of opting out is being tracked. Conversations were primarily conducted by telephone. We reached out to representatives of the following stakeholder entities:

- HUD
- Office of Multifamily Housing
- Office of Public and Indian Housing
- Baltimore field office

- Local government
- Maryland Department of Housing and Community Development
- Baltimore County Office of Housing
- Housing Commission of Anne Arundel County
- Carroll County Bureau of Housing
- Harford County Housing Agency
- Howard County Housing Commission
- Housing Authority of the City of Annapolis

- Selected other stakeholders
- Enterprise Community Partners
- Baltimore Metropolitan Council

We made multiple attempts to receive positive responses from each of the entities listed above. We received responses and were able to conduct interviews with six of these entities for the reconnaissance phase of this project. Interviews followed the general discussion guide provided below. Interviewees were told at the start of the interview that their participation was optional and that they were not required to answer any particular question. No respondents declined to be interviewed. Interviewees were also assured that individuals' identities would be protected in the final reporting of the information. During interviews conducted by telephone, the research team took written notes. Interview comments were then reviewed and summarized for the appropriate sections of this report.

RECONNAISSANCE INTERVIEW DISCUSSION GUIDE

Interviewer introduction: *Good morning/afternoon. This is [interviewer's name] from the Urban Institute. Thank you for taking the time to speak with me today.*

Our goal for this conversation is to gain insight into the current status of assisted or insured properties and units in the Baltimore region, especially their current opt-out status and whether anyone is currently tracking properties that opt out or are at risk of opting out. Before we begin, I want you to know that the information you share in this telephone interview will be kept private but we do not ensure confidentiality due to the fact that there are few respondents. That means your individual answers will not be shared with anyone outside the research team working on the evaluation. When we report our findings, we will combine information from everyone we interview and present it in a way that individual answers cannot be easily identified. Every effort will be made by the research team to preserve your privacy by not using your name or any other identifying information that can be linked to a specific comment in our report.

(If there is more than one participant in the interview): However, because there is more than one participant in this interview we cannot ensure that what is shared during this conversation not be shared with outside stakeholders. We encourage participants not to share what other respondents say in respect of their privacy.

We want to be sure that you freely consent to participate in this interview and that you are aware that you are not obligated to answer any questions you do not wish to. Do you consent to participate in the interview? (If yes, note time. If no, address concerns and explore possibility of participation. If will not participate, ask if there is another person in their organization that they can recommend.)

With your permission, we would also like to record our interview for note-taking purposes. Do you consent to have the interview recorded? (If yes, begin recording).
Before we begin, do you have any questions for us?

Interview questions:

- Current housing market conditions
    - How would you describe the current rental housing market in [[LOCATION]]?
        - Are rents stable? Increasing rapidly? Declining?
        - What are rental vacancy rates like?
        - Is there a shortage of affordable units? For particular income levels? In particular communities/neighborhoods?
    - How would you describe the current homeownership market in [[LOCATION]]?
        - Are prices flat? Increasing? Decreasing?
        - Are prices affordable for entry level buyers?
        - Is affordability limited to certain communities/neighborhoods?

- Affordability risks
  - What are the particular risks to preserving affordable housing in [[LOCATION]]?
    - Are properties aging?
    - Do they require substantial rehabilitation/reinvestment?
    - Are they undercapitalized?
    - What types of owners possess affordable properties? Large/small portfolio? For profit/nonprofit?
    - What resources are available for preservation? Are they sufficient?

- Key players
  - Who are the major entities involved with affordable housing preservation in [[LOCATION]]?
    - Public sector (federal, state, county, local)?
    - Developers? Private nonprofit? Private for-profit?
    - Legal services?
    - Tenant organizing?
    - Investors? Financial services?
    - Networks or coalitions?
    - Others?

- Data sources
  - What data sources are used for affordable housing preservation?
    - National sources?
    - Local sources?
  - How are those data sources used?
  - Are they easy to access?
  - Are there crucial data that are missing or unavailable?
  - FOR FEDERAL RESPONDENTS: What internal agency data can be used to identify and characterize affordable housing in the Thompson impact area?

APPENDIX C.
ASSISTED/INSURED PROPERTY
DETAILED DATA COLLECTION FORMS

Property Name: ____ Date Form Was Completed: _____________________

Property Address: ____ Information Current as of _________________(date)

Total Units at this Property: ________ Occupancy Rate: ______%

Total Assisted/Affordable Units (regardless of program/subsidy type): _______ Occupancy Rate for Assisted/Affordable Units: _____%

Total Market-Rate Units: _______ Occupancy Rate for Market-Rate Units: __________%

Characteristics of Households Currently Residing in Affordable Units

(Count each household **only once**, even if the property has multiple **project-based** subsidies.)

	Project-Based Assistance			
	Households in Units With Low Income Housing Tax Credits Only (no other subsidies)	**Households in Units with Project-Based Assistance (Project-Based Section 8, Sec. 236 BMIR, Section 8811 PRAC, Section 202 PRAC, HUD Rent Supplement, Rural Housing Sec. 515, State or Local Assistance)**	**Total Project-Based Assisted/Affordable Units**	**Units Occupied by Households with Housing Choice Vouchers (from any county or city housing authority/agency)**
Total Number of Units				
Total Number of Market-Rate Units				
Total Number of Assisted/Affordable Units by Program				
Total Number of Assisted/Affordable Units by Unit Type*				
Studio				
1 bedroom				
2 bedrooms				
3 bedrooms				
4+ bedrooms				
Total Number of Residents (adults and children)				
Number of Households by Age of Household Head/Spouse (whichever is older)				
Under 25 years old				
25-34				
35-44				
45-54				
55-64				
65 or older				
Number of Households by Size				
1 person				
2 persons				
3 persons				
4 persons				
5 or more persons				

25-34				
35-44				
45-54				
55-64				
65 or older				
Number of Households by Size				
1 person				
2 persons				
3 persons				
4 persons				
5 or more persons				

Characteristics of Households Currently Residing in Affordable Units (Page 2)

(Count each household **only once**, even if the property has multiple **project-based** subsidies.)

	Project-Based Assistance			
	Households in Units With Low Income Housing Tax Credits Only (no other subsidies)	**Households in Units with Project-Based Assistance (Project-Based Section 8, Sec. 236 BMIR, Section 8811 PRAC, Section 202 PRAC, HUD Rent Supplement, Rural Development Sec. 515, State or Local Assistance)**	**Total Project-Based Assisted/Affordable Units**	**Units Occupied by Households with Housing Choice Vouchers (from any county or city housing authority/agency)**
Number of Households by Number of Minor Children				
Households with no minor children				
Households with 1 child				
Households with 2 children				
Households with 3+ children				
Number of Single-Parent Households with Children				
Number of Households with a Member Having a Disability				
Average Household Income ($)**				
Number of Households by AMI**				
Extremely low income (<30% of AMI)				
Very low income (30%-50% of AMI)				
Low income (50-60% Of AMI)				
Moderate income (60%-80% of AMI)				
Income >80% of AMI				

Property Name: ____ **Date Form Was Completed:** ____________________

Property Address: ____**Information Current as of** _________________**(date)**

Total Units at this Property: ________ **Occupancy Rate:** ______**%**
Total Number of Currently Vacant Units: ___________
Total Number of Currently Vacant Assisted/Affordable Units: _______
Total Number of Currently Vacant Market-Rate Units: _______

Characteristics of Households Currently on the Wait List for Any Unit

(Assisted/Affordable or Market Rate)

	Number
Total Number of Households on Wait List	
Length of Time on Wait List	
Less than 6 months	
6 to 11 months	
1 year	
2 years	
3 years	
4 or more years	
Total Number of Residents (adults and children)	
Number of Households by Age of Household Head/Spouse (whichever is older)	
Under 25 years old	
25-34	
35-44	
45-54	
55-64	
65 or older	
Number of Households by Size	
1 person	
2 persons	
3 persons	
4 persons	
5 or more persons	

Characteristics of Households Currently on the Wait List for Any Unit (Page 2)
(Assisted/Affordable or Market Rate)

Number of Households by Number of Minor Children	
Households with no minor children	
Households with 1 child	
Households with 2 children	
Households with 3+ children	
Number of Single-Parent Households with Children	
Number of Households with a Member Having a Disability	
Average Household Income* ($)	
Number of Households by AMI*	
Extremely low income (<30% of AMI)	
Very low income (30%-50% of AMI)	
Low income (50-60% Of AMI)	
Moderate income (60%-80% of AMI)	
Income >80% of AMI	
Number of Household Heads by Race	
Black or African American	
White	
Other**	
Multi-Racial	
Number of Household Heads by Hispanic Origin	
Hispanic	
Non-Hispanic	

AMI = Area median income.

*Income specified at time of application or most recent update.

**Includes Asian, Native Hawaiian or Other Pacific Islander, American Indian or Alaska Native, and Others.

APPENDIX D.
LITERATURE SCAN OF REGULATORY BARRIERS

APPENDIX D.
LITERATURE SCAN OF REGULATORY BARRIERS THAT AFFECT AFFORDABLE HOUSING AVAILABILITY AND BEST PRACTICES FOR OVERCOMING THESE BARRIERS

One of the key objectives of research mandated by the *Thompson v. HUD* settlement is to provide an assessment of the barriers that preclude development of affordable housing in communities of opportunity. Numerous housing regulations are enacted for safety reasons but effectively increase costs. AREA conducted a scan of literature that focused on those regulatory barriers that affect the development of new affordable housing without necessarily enhancing public safety and identifying best practices that are working to address these barriers.

The literature available on regulatory barriers and their impact on affordable housing is extensive and been a topic of discussion for several decades. Sources for this literature scan included more than 30 studies, reports, papers, and articles from academia, public, and quasipublic sources, including HUD, Harvard University, Urban Land Institute, American Planning Association, Lincoln Institute of Land Policy, National Association of Home Builders, the White House, and many others. There are so many studies, reports, and data that HUD maintains the Regulatory Barriers Clearinghouse, a searchable database of documents related to regulatory barriers and strategies that affect affordable housing development and preservation. These studies were reviewed for common threads, contradictions, and conflicts in evidence or conclusions.

The literature addresses the ways in which government regulations impact both the overall housing market and affordable housing in particular. These can generally be grouped by 1) regulations that impose additional cost burdens on development or construction and 2) regulations that constrain the supply of either land or housing. Parking regulations tend to fall into both groups and are consistently regarded as a significant contributor to increased housing costs. Inclusionary zoning, generally enacted as a tool for providing affordable housing, is sometimes viewed as one of the contributors to the affordability crisis; literature on this regulatory incentive was reviewed to assess its overall impact on the availability of affordable housing. Out of this review, best practices and lessons learned from the industry are identified to provide insight for overcoming regulatory barriers to affordable housing development.

Complexities and limited availability of financing, although cited by several sources as a significant obstacle in the development of affordable housing, is not assessed in this review and might be better served as a singular topic of study. Also not addressed in this analysis are the direct and indirect public benefits of the various regulatory barriers cited in the reviewed literature, which may serve as a justification or offset for regulations.

Regulations That Contribute to Higher Housing Costs

The general consensus of the reviewed literature is that regulations do add to the cost of housing construction and development, directly or indirectly, and therefore impact the development of affordable housing. Although some articles highlight the singular impact of regulations, the broader literature, including most empirical studies and reports, report that the influences are multifaceted and layered, with potential barriers and additional costs at every level of government: local, regional, state, and federal. Local regulatory barriers, in particular, have intensified over the last three decades, and the accumulation of such barriers has exacerbated affordability in high-growth metropolitan areas. The cost of regulation is trending higher, increasing 29.8 percent since 2011—and rising more than twice as fast as the increase in disposable income per capita (Emrath, 2016).

Reliability and consistency are hallmarks for efficiency and determining project feasibility. Conversely, unknowns and irregularities caused by discretionary approval processes, multiple jurisdictional reviews, and community input can add time and costs to the development process and sometimes derail an affordable housing development entirely. A 2016 survey by the National Association of Home Builders reported that acquisition, development, and construction regulations constituted an average of 24.3 percent of the cost of a single-family home.

Regulatory burdens at the local level often begin with the approval process. Affordable housing projects often rely on publicly owned land acquired through abandonment or foreclosure. These sites can require site preparation due to environmental issues, below-market challenges, and layered financing structures that create extended acquisition periods with repeated renewal options before closing on the land. The longer a project takes to assemble, the more soft costs and land-holding costs are incurred. Evidence suggests that where housing prices are expensive, difficult zoning and building restrictions that add delays are the cause of the high housing costs. In higher-cost areas, the mean waiting time for rezoning was at least six months, compared with lengths of two to three months for "by-right" developments.[74] A strong correlation exists between the time required for securing a zoning permit and higher costs, with incremental increases in permit issuance lag time adding nearly seven dollars per square foot to costs (Glaeser, 2003).

Regulations that burden the development rights of the property owner to include the larger community to preserve the status quo, often referred to as "not-in-my-back-yard" issues (or "NIMBYism"), tend to increase housing costs (Gruen, 2016). Community issues and concerns can include regulations such as land use and zoning controls as

[74] Most jurisdictions impose a number of conditions before allowing developers to proceed with construction. Existing zoning codes and land use regulations set restrictions on the type and size of developments that can be built on a specific parcel. Developments that fall within those parameters are generally considered "by-right" and can generally proceed without extensive review and approval. Proposed developments that do not fall within this framework must receive the necessary variances and entitlements in order to proceed (Jakobovics, 2014).

well as environmental and historic preservation regulations. Regulations that are intended to “exert greater control over the types of projects that are built and address community concerns” result in long delays, unpredictable timing and, ultimately, higher development costs. In the best circumstances, community buy-in requires time and may lead to more expensive design changes. If poorly managed, community input requirements can derail an entire development (Jakobovics, 2014).

Community opposition can increase costs indirectly through time delays; generate substantial expenses for planning and design consultants, architects, engineers, and attorneys; or obstruct the project completely. Design changes resulting from community input may add to further delays or cause plans to be altered or reduce the number of approved units—thus adding to development and financial inefficiencies. Projects where community opposition resulted in four or more community meetings experienced a five 5 percent increase in costs compared with projects with little or no opposition (California Tax Credit Allocation Committee, 2014). Affordable housing developments face dual challenges where community opposition is strong but investor interest and housing programs prioritize funding based on proposals that have community support.

Butternut Farms, an old farmhouse with nearby transit and existing infrastructure in Amherst, Massachusetts, was viewed by the City government as an ideal location for much-needed affordable housing. However, the development was met with strong community objections and required 10 years to come to fruition—after various court cases, appeals, and $150,000 in legal costs (Semuels, 2016).

Among the highest impacts to housing price, during both development and construction phases, are regulatory changes in development standards (such as setbacks or road widths) and building code updates and changes. Costs include direct fees for entitlements and permitting as well as indirect costs resulting from long approval periods (Emrath, 2016). Impact or development fees are imposed to cover the cost of related infrastructure needs. Infrastructure costs are a significant barrier of their own, made more onerous when flat impact fees are applied that do not appropriately reflect the scale or impact of the project.

Builders must adhere to hundreds of rules, from critical building code regulations to nuanced building elements, design, and fixture requirements. In Minneapolis, Minnesota, regulations intended to ensure minimum levels of quality range from safety measures such as fire sprinklers and window size and placement to more qualitative requirements such as the use of high-efficiency appliances or a certain type of glue (Shaw, 2015). No exceptions are given to these rules for affordable housing developments.

Regulations that dictate uniform finishes regardless of the end user (market rate or affordable) can add unnecessary costs to development. Public funding program requirements compound a strict regulatory environment by demanding higher standards than those required by market demands or by-right developments, adding significant costs to the development of new housing. Typical requirements can include LEED building certification or Americans with Disability Act provisions that apply to all units rather than a portion of the total.[75] Affordable housing developments are often required to conform to the long-term time frame for receiving public funds, which adds to upfront cost of development but bring long term savings that could pay for them in the long run (Jakobovics, 2014).

Additional regulations and project requirements may be imposed to meet local goals for prevailing wage, minority and women business participation, or sustainability. Affordable projects that receive local redevelopment funding are approximately 7 percent more expensive per unit than projects without such funding (Jakobovics, 2014). Contributing factors include disproportionately higher financing costs for origination, underwriting, servicing, and asset management as well as limited sources of funding, resulting in higher interest rates and lower returns on investment.

Although the design and material costs of construction are not the largest contributor to the rising cost of housing in most areas, various literature indicate that there is room for construction efficiencies and cost savings through better project management and material choices. The most effective affordable housing programs include both new affordable housing and preservation of existing housing stock. A number of articles cite poor or absent building code standards for rehabilitation projects, whereas others note municipal inflexibility when it comes to considering creative housing solutions, including accessory units and microunits, or innovative construction and design approaches such as wood framing for multistory buildings.

Regulations That Increase Housing Costs by Constraining Supply

Research shows that housing prices closely follow the physical cost of construction for most of the country. High housing prices, which are subject to the laws of supply and demand, are a reflection of high consumer demand plus some sort of restriction on supply. Several studies of land scarcity versus housing scarcity indicate that both components play a strong role in determining housing price.

A large percentage of the literature involves case studies and examples of cities and towns along the coasts, particularly in California. San Francisco is among the most often-used examples: it is highly regulated locality with among the highest housing costs in the nation. Rents in San Francisco have risen steadily at 6.6 percent per year since 1956, approximately 50 percent higher than the national average (Eagle, 2016). San Francisco is an extreme example of how the laws of supply and demand have

[75] LEED is a widely used green building rating system certified by the United States Green Building Council that provides independent verification of a building or neighborhood's green features, allowing for the design, construction, operations, and maintenance of resource-efficient, high-performing, healthy, cost-effective buildings. Based on the number of points achieved, a project can receive one of four LEED rating levels: Certified, Silver, Gold and Platinum.

conspired to create a true affordable housing crisis. Because land that can be developed in San Francisco is scarce and the city has desirable amenities, land values are at a premium. Geographic challenges as well as externally imposed historic preservation policies and environmental goals limit height, density, and significant building alteration, creating a confluence of constraints on new housing development. As such, San Francisco cannot begin to meet the level of housing demand.

Despite the often-cited examples of high-cost and high-density areas such as New York City and San Francisco, high densities are not uniformly associated with high prices. In fact, a decades-long trend toward lower densities is contributing to the high cost of living in many places. For example, in 1960 Los Angeles was zoned to accommodate 10 million people. Today, the city is zoned for four million (United States, 2016). Literature consistently points to government-imposed land use and development constraints as a primary contributor to higher housing costs.

Zoning regulations that limit the scale, density, and quantity of multifamily developments were among the most frequently cited regulations that impacted housing prices. Few multifamily developments are allowed by-right and without the need to secure special zoning approvals as a planned development. In many communities, multifamily zoning is limited to undevelopable areas or prohibited entirely. Minimum lot sizes and low density zoning ordinances encourage the development of large homes and serve as primary barriers to development of affordable housing and drivers of higher housing costs.

Multifamily projects utilize economies of scale to offset the constraints created by limited availability of land in opportunity areas. To develop affordable housing in a desirable location, the project scale and size will generally dictate the feasibility of a project. Regulatory constraints on height, density, floor area coverage, parking requirements, and setbacks individually and collectively drive efficiencies lower and housing prices higher.

Project characteristics, including the number of stories, bedrooms, and type of parking, can interact in ways that increase costs. Four-story or larger buildings are more expensive to build and cost an additional $28,000 per unit than a smaller building. Taller buildings trigger more stringent, and costlier, code regulations, including requirements for elevators and the use of steel rather than wood framing to offset fire hazards. Taller buildings are also more likely to require podium or structured parking, resulting in unit housing prices that are on average 6 percent more expensive than projects without such parking. However, larger projects that have these premiums are also better able to take advantage of economies of scale, suggesting that higher density can offset the tall building premiums. For each 10 percent increase in the number of units, the cost per unit declines by 1.7 percent (California Tax Credit Allocation Committee, 2014).

Parking Regulations

Parking regulations were among the most frequently cited constraint on both affordable and market-rate housing development. The literature recognizes that parking requirements based on market demand or in areas lacking public transit are ordinary development costs. In the context of the literature scan, parking requirements applied without flexibility or consideration for the building's proximity to transit or type of housing (such as senior housing developments) are considered excessive and add unnecessary costs to housing development. Greater parking requirements add construction-related costs to the project and constrain supply, taking up otherwise developable space. Where land is limited, parking costs can be even higher due to the need for structured parking or below-ground parking. Uniform parking requirements can cause additional hardships for affordable housing developments financed with housing credit equity. In these cases, the cost of the parking space may be included within restricted rent levels, limiting the developer's ability to recoup the cost of excessive parking spaces (Jakobovics, 2014).

Impact of Inclusionary Zoning Practices

Numerous articles and opinion pieces have been written on the topic of singular regulatory barriers that affect the development of affordable housing. Inclusionary zoning is one such tool that is viewed as both the cause of the problem as well as a solution. Inclusionary zoning functions as an incentive, whereby a developer sets aside a number of affordable housing units within a development in exchange for density, height, or other development bonus. The majority of the literature reviewed suggests that inclusionary zoning programs tend to yield the best access to opportunity areas without public subsidies by utilizing incentives to developers in return for affordable units (Hickey, 2013).

The most effective programs are mandatory rather than voluntary, achieved without government subsidies but rather by granting zoning bonuses related to height or density. Inclusionary zoning policies in which developers are granted incentives to price affordable units low, but not so low that the market-priced units cannot offset them, are able to achieve a reasonable rate of return on the project. As a result, inclusionary zoning works best in "hot" real estate markets where demand for market-rate units is high.

Inclusionary housing programs are most effective when they are producing new units and preserving existing housing. Existing affordable housing units are lost when owners opt out of the program, mature out of the assisted mortgages, or fail to maintain HUD property standards. Approximately 10,000 to 15,000 housing units leave the federally subsidized housing inventory each year (Hickey, 2015). Research shows that it costs 40 percent less to preserve an existing affordable unit than to build a new one. The Shimberg Center for Housing Studies at the University of Florida established a housing data clearinghouse that allows local Florida communities to conduct risk assessments of current affordable housing properties and focus limited resources on select properties that are at risk of leaving the affordable housing stock.

Developers in California have filed several lawsuits to stop inclusionary zoning, claiming such policies effectively serve as a "taking" of private property and arguing that the practice constrains housing supply and drives cost upward (Mock, 2016).[76] Other reports indicate that inclusionary zoning misses the lowest income households with the greatest housing needs and is more effective for families with moderate incomes (Fernald, 2016; Gruen, 2016; Anuta, 2015). Because inclusionary zoning functions as an offset, the deeper the affordability threshold is set, the higher the market units must be priced. As a result, the affordability threshold rarely benefits people with incomes at 50 percent Average Median Income. To address this unintended consequence, New York City will allow "double dipping" incentives, combining inclusionary zoning with tax exemptions to achieve deeper income affordability (Anuta, 2015).

BEST PRACTICES

Zoning is interwoven into a majority of the research and writing on regulatory barriers to affordable housing development; zoning as a regulatory barrier is discussed in greater detail in Objective 6. In the context of this literature scan, we have highlighted supply and demand solutions to overcome this barrier.

- Zoning reform is most frequently mentioned as a solution or recommendation for increasing housing stock, but no best practice examples were forthcoming from the literature. Reform recommendations include permitting higher densities, allowing taller buildings, relaxing lot coverage maximums, and allowing larger developments, all of which take advantage of economies of scale and would allow the development of more affordable housing units. Although the extent of identified flexible zoning practices varies by author or study, the goal generally is to create a less restrictive environment and let the laws of supply and demand play a stronger regulatory function (Glaeser and Gyourko, 2003).

  In addition to zoning flexibility, some economists believe that gentrification needs to be reframed as a natural market agent that allows for downward filtration of older housing stock that is priced more modestly than new developments. To address aging housing stock, increased government funding could be made available for accessibility, energy efficiency, and general maintenance modifications to existing housing stock. Where the criticism of gentrification is the

[76] The Takings Clause of the Fifth Amendment to the U.S. Constitution reads: "nor shall private property be taken for public use, without just compensation." Most jurists and legal scholars agree that the founding fathers intended the Takings Clause to apply only to direct expropriations or government-compelled permanent occupations of property. However, in the early part of the 20th century, the U.S. Supreme Court extended the principle beyond physical seizure of property, holding "the general rule at least is that, while property may be regulated to a certain extent, if regulation goes too far, it will be recognized as a taking" (American Planning Association, 2008).

displacement of existing residents, consideration should be given to offering new housing units to displaced tenants at an affordable rent for a period of time equal to the number of years they have lived in the neighborhood to date or the option of paying displaced residents a cash equivalent for moving elsewhere (Gruen, 2016).

- Because land costs are an early barrier to development in strong markets, jurisdictions can support affordable housing development via expeditiously released land acquisition subsidies to developers to gain site control and reduce the predevelopment timeline. In high cost areas, land should be made more readily available for development at a higher density (Hoban, 2016). Government agencies could create a “first look” program whereby affordable housing developers are given the right of first refusal in the disposition of public land (Jakobovics, 2014).

- Vacant land can be a financial drag and threat to community health and safety, causing local governments millions of dollars per year in lost revenue, maintenance costs, and costs associated with finding negligent property owners or owners of abandoned properties. Tools to address this obstacle include taxes on privately owned vacant land to encourage productive use or donations of publicly owned and acquired properties to nonprofit developers. Cities in Florida, California, Illinois, and Michigan have established property inventories by requiring owners to register vacant properties, and some communities include a fee that increases over time to discourage absentee ownership and neglect. Dallas, Texas and Cook County, Illinois utilize land banks to pursue tax foreclosure and acquisition of vacant properties to return them to productive use (United States, 2016).

- Allowing by-right development at the local and/or state level is a method that can provide both zoning relief and decreased time delays. Massachusetts and Connecticut have by-right policies that allow affordable housing by right, permitting developers to build at higher densities in locations where less than 10 percent of housing is affordable (Jakobovics, 2014).

- Municipalities can reduce housing cost burdens and developer risk by simplifying and streamlining the entitlement, approval, and permitting process (Hickey, 2014; Hoban, 2016). Cities such as San Diego and Austin have implemented expedited review processes and fee waivers for affordable housing projects. Rhode Island imposes strict deadlines for decision making, and Massachusetts has developed a model set of permitting practices that emphasize predictability, by right zoning criteria, and uniform timelines across localities (United States, 2016).

- Developers are often subject to redundant and conflicting regulations by overlapping governmental regulations. This jurisdictional fragmentation can be alleviated by coordinating building codes, zoning procedures, regulations, and planning processes at a regional level, using models commonly found in regional plans. Nashville and Davidson County, Tennessee share unified codes for land use, building, and safety that apply to the whole region (Jakobovics, 2014).

- To encourage affordable housing preservation, municipalities should include rehabilitation as a unique regulatory category with appropriate requirements for structural integrity, safety, and energy efficiency that do not trigger standards more appropriate for new construction. New Jersey created a set of code requirements for existing buildings (Jakobovics, 2014).

- Expedited review and permitting for affordable housing developments should be provided at no cost with clear and consistent expectations for review and permitting to reduce holding costs and risks. The Montgomery County, Maryland, Green Tape Program provides expedited review and permitting housing developments that include 20 percent or more moderately priced units (United States, 2016).

- Building codes and standards should be written with the flexibility to adapt or accommodate alternative housing options and innovative building techniques, such as microunits, accessory dwelling units, and prefabricated housing. Modular, panelized, or manufactured housing takes advantage of factory-based work and economies of scale to achieve cost savings. This type of building method, traditionally associated with single-family housing, is now employed on multistory housing, including a 32-story apartment building in Brooklyn, New York (Jakobovics, 2014). NextStep, a Kentucky nonprofit homebuilders network, is developing partnerships with prefab industries and achieving cost efficiencies and innovation (Fernald, 2016).

- The literature reviewed is light on best practices to counter NIMBYism, but the Institute for Local Government recommends three key components to minimize local opposition and gain support: 1) engaging stakeholders in early, well-designed, clear, and timely communication; 2) addressing different points of view in presentation of developments, particularly those that involve controversial issues; and 3) validating participation and ensuring that public views are welcomed and respected. The Chicago Metropolitan Planning Council utilizes bus tours for interested community members to successful developments to address perceived concerns and overcome resistance (Chicago Metropolitan Agency for Planning, 2009).

Best practices for addressing onerous costs associated with parking regulations generally move away from the standardized minimum per-unit parking ratio and toward a more flexible site-by-site evaluation, with consideration of the types of units under development and proximity to transit.

- Consideration may be given to relaxing parking requirements by allowing offsite parking within a half-mile of the development (Hickey, 2014). Seattle eliminated parking requirements in the center city and reduced parking requirements by half in transit-served neighborhoods; a wave of new development ensued with little or no parking (United States, 2016).

- Several cities including Boston, San Francisco, and Seattle have implemented flexible parking requirements based on site and surrounding land use (Jakobovics, 2014). Denver, Minneapolis, Chicago, and New York City have also lowered parking space minimums based on the type of housing or proximity to transit (United States, 2016).

Much literature is available on the subject of inclusionary zoning and its effectiveness for households with moderate incomes—and its lesser impact or success for those with lower incomes. Recognizing this disconnect, the literature provides a number of best practices with regard to inclusionary zoning:

- Market strength matters. Inclusionary zoning works well on its own in strong markets that achieve affordable housing for moderate-income households. Where deeper targets of low or very low household incomes are desired, the municipal, county, or federal government assistance programs can be combined with inclusionary zoning policies (Hickey, 2014; Sturtevant, 2016). To achieve lower income targets, New York City combines the inclusionary zoning program with one or more additional incentives such as reduced parking requirements, tax abatements, tax-exempt bond financing, and low-income housing tax credits (Anuta, 2015).

- Dual focus on development and preservation**.** Inclusionary housing programs are most effective when they produce new units and preserve existing housing. Research shows that it costs 40 percent less to preserve an existing affordable unit than to build a new one. In an effort to preserve affordable housing stock, the Shimberg Center in Florida created a tool for local governments to inventory their affordable housing developments and target properties at risk of leaving the affordable housing pool (Hickey, 2015).

- Balancing affordability goals and financial feasibility. Inclusionary zoning incentives should be strategically set, whereby affordable units are priced low enough to achieve affordability goals but not so low that the price of market units cannot offset them. This balance achieves affordability goals but also allows a reasonable rate of return to the developer (Gruen, 2016).

- Longer affordability terms**.** To achieve lasting affordability, states such as Massachusetts, Michigan, and Vermont require perpetual affordability periods. Alternative approaches can include longer terms, such as California's 55-year LIHTC affordability requirement, or affordability restarts that are triggered whenever a property is resold (Hickey, 2013).

- Provide incentives that reduce costs during construction and operation and eliminate obsolete or counterproductive incentives. Portland, Oregon offers tax abatements equal to 100 percent of the value of the improvements that start one month after the building permit is issued. Developers and investors or lenders could be incentivized to reduce costs by being allowed to share in a portion of cost savings to the contractor/developer or keep a percentage of unused contingency funds, while ensuring that project quality is maintained. Pennsylvania Housing Finance Authority reserves 5 percent of its annual low-income housing tax credits for projects whose developers reinvest 15 percent of the developer fee toward reducing costs (United States, 2016).

Appendix E.
Barriers to Development: Interviews and Contacts

APPENDIX E.
BARRIERS TO DEVELOPMENT: INTERVIEWS AND CONTACTS

Maryland Department of Housing and Community Development
Anne Arundel County

Housing Commission of Anne Arundel County

Arundel Community Development Services Inc.

Anne Arundel County Office of Planning and Zoning, Zoning Division

Anne Arundel County Office of Planning and Zoning, Long Range Planning Section

City of Annapolis

City of Annapolis, Department of Planning and Zoning, Community Development Division

Housing Authority of the City of Annapolis

Baltimore County

Baltimore County Office of Housing

Baltimore County Zoning Office

Baltimore County Department of Planning

Carroll County

Carroll County Department of Citizen Services, Bureau of Housing and Community Development

Carroll County Department of Planning and Zoning

City of Westminster Office of Housing Services

Harford County

Harford County Housing Agency

Harford County Department of Planning and Zoning, Comprehensive Planning Section

Harford County Department of Planning and Zoning, Development Review Section

Housing Authority of the City of Havre de Grace

Howard County

Howard County Housing Commission

Howard County Department of Planning and Zoning, Division of Public Service and Zoning Administration

Howard County Department of Housing and Community Development

APPENDIX F.
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