



HOUSING AFFORDABILITY WORKGROUP 2ND MEETING

Housing Opportunities Master Plan
May 13, 2020

RCLCO
REAL ESTATE ADVISORS

AGENDA

HOUSING AFFORDABILITY WORKGROUP MEETING

- A. **Update on Project Process Given COVID-19 – 10 Minutes**
- B. **Role of Task Force & How We Will Use Goals (Finalized by Chairs) – 10 Minutes**
- C. **Presentation of New Information – 30 Minutes**
- D. **Group Discussion of Strengths, Weaknesses, Opportunities & Threats Based on Information Presented – 60 Minutes**
- E. **Open Discussion and Comments from Non-Workgroup Members – 10 Minutes**

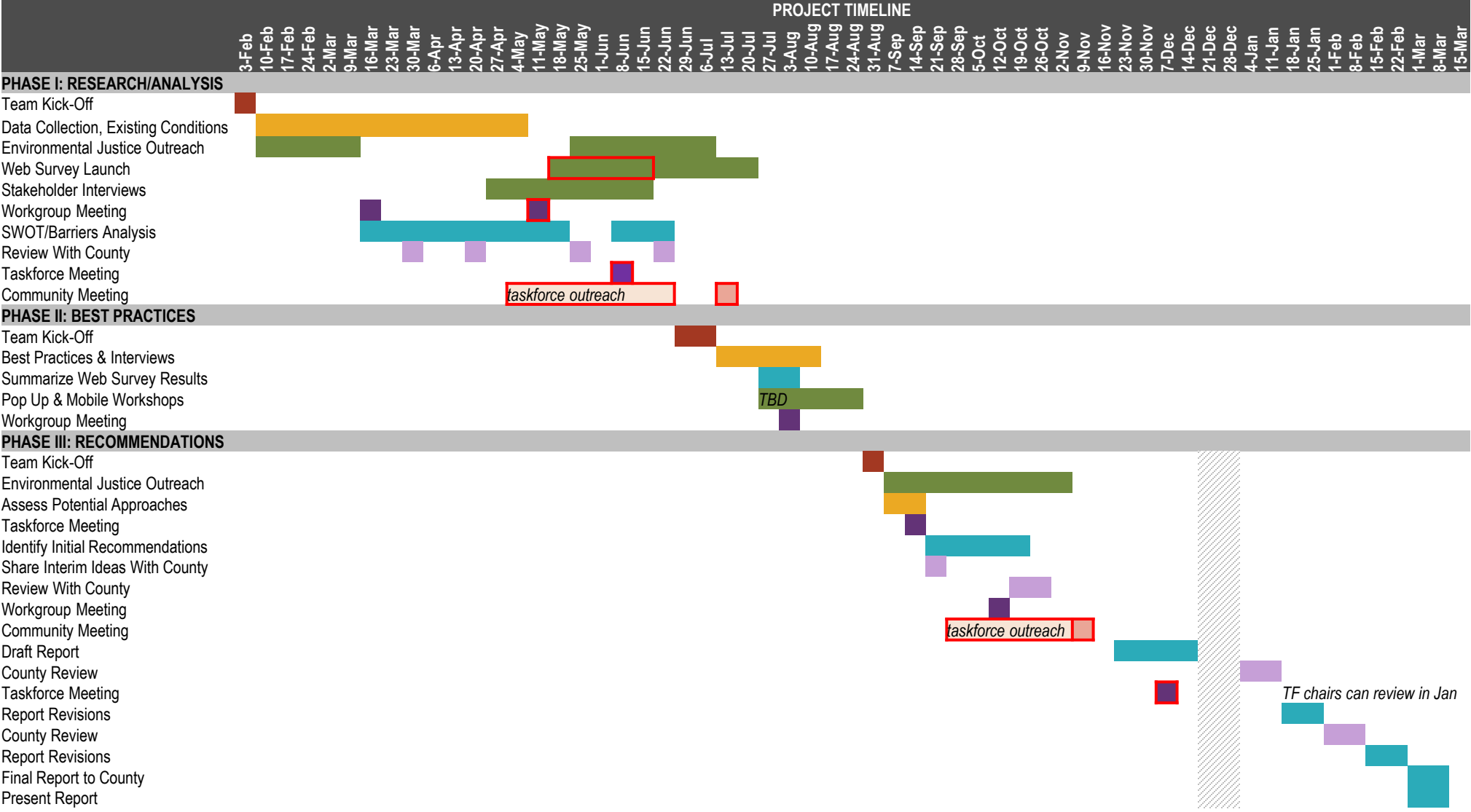
GROUND RULES

HOUSING AFFORDABILITY WORKGROUP MEETING

- ▶ Please keep your microphone on mute unless speaking
- ▶ Please identify yourself by your full name during roll call and in your meeting ID
- ▶ Please use your video camera if possible
- ▶ Please use the “Raise Hand” or “Chat” function if you wish to comment during the presentation, and the facilitator will call on you when ready
- ▶ The discussion is meant for Workgroup members. Comments from attendees who are not members of the workgroup will be taken at the end of the meeting
- ▶ Please keep comments on topic, and additional discussion can occur during the open comment period at the end of the meeting
- ▶ Try not to speak when someone else is speaking

TIMELINE & GOALS FROM LAST MEETING

TIMELINE CHANGES IN RESPONSE TO COVID-19



MEETING SCHEDULE

Meeting	Date	Focus/Topics
Task Force Meeting #1 (complete)	February 4, 2020	<ul style="list-style-type: none"> • Introduce project team and schedule • Establish meeting ground rules and conflict resolution process • Identify main topics for Workgroups
Workgroup Meetings #1 (complete)	March 17, 18, & 23, 2020	<ul style="list-style-type: none"> • Review engagement strategy and initial research • Refine project goals specific to the topic • Review inventory and assessment of existing programs • Review and refine issues, opportunities and constraints
Workgroup Meetings #2	Week of May 11, 2020	<ul style="list-style-type: none"> • Review refined/additional research • Finalize goals • Review SWOT Analysis
Task Force Meeting #2	June 2020 (TBD)	<ul style="list-style-type: none"> • Workgroup Report Outs • Prepare for Public Meeting #1 • Review and discuss best practices, identify preferred best practices to implement
Workgroup Meeting #3	July/August 2020 (TBD)	<ul style="list-style-type: none"> • Review/refine proposed recommendations and strategies
Task Force Meeting #3	September 2020 (TBD)	<ul style="list-style-type: none"> • Review public feedback • Prepare for Public Meeting #2 • Review and refine Workgroup's initial recommendations
Workgroup Meeting #4	October 2020 (TBD)	<ul style="list-style-type: none"> • Review/refine proposed recommendations and strategies
Task Force Meeting #4	December 2020 (TBD)	<ul style="list-style-type: none"> • Workgroup Report Outs • Finalize recommendations and strategies

PUBLIC INVOLVEMENT ACTIVITIES

Activity	Timeframe
Website Updates / Posts (will be relying on online engagement during these times)	Ongoing Throughout - Additional content planned
Stakeholder Interviews	Ongoing through Spring 2020
Environmental Justice (EJ) Research and Outreach	Ongoing Throughout
Pop Up Meetings (6-8)	Temporarily Postponed
Public Survey	Spring/Summer (online); in person promotion via pop ups and other activities when allowable
Public Meeting #1	July 2020 (TBD)
Public Meeting #2	November 2020 (TBD)
Task Force Engagement Assistance From Executive Order - AND BE IT FURTHER ORDERED, that the Housing Opportunities Master Plan Task Force... will promote public involvement during the development of the Plan and share information with their community groups and networks.	Ongoing Throughout

WEBSITE ENHANCEMENTS

AVAILABLE INFORMATION

- ▶ Schedule
- ▶ Executive Order Goals
- ▶ Task Force and Workgroup Meeting Materials
- ▶ Survey (Anticipated to Start in June 2020)
- ▶ Social Media Links (Ongoing)

SUPPLEMENTAL INFORMATION TO BE ADDED

- ▶ Frequently Asked Questions
- ▶ Question/Comment Box
- ▶ Updated Fact Sheets at Key Milestone Periods
- ▶ Virtual Presentation

HOUSING AFFORDABILITY WORKGROUP GOALS

Primary Focus on improving housing opportunities for moderate and low-income residents

- Identify both long-term and short-term strategies to provide affordable housing to meet the County's demand within the Master Plan
- Identify opportunities to alleviate concentrations of poverty
- Identify opportunities to better track and manage housing data
- Identify demographic groups and communities most in need of affordable housing, and what barriers make attaining affordable housing difficult

Areas of overlap with Housing Policy Workgroup

- Incentivizing development of more affordable units
- Integrating more diversity into communities

Areas of overlap with Housing Markets Workgroup

- Integrating more diversity into communities
- Increasing availability of more diverse housing types

QUESTIONS FROM LAST MEETING

HOUSING AFFORDABILITY WORKGROUP

- ▶ Can we define terminology so everyone has a common understanding of the terms being used, such as “Affordable”?
- ▶ How can we leverage equity for renters and increase availability of affordable units?
- ▶ How can we help seniors who are living on a fixed income and who may want to age in place?
- ▶ How can we leverage both public and private resources to help people find quality affordable housing?
- ▶ How can we leverage stakeholder participation in this process, especially during the pandemic?

UPDATE TO MARKET UNDERSTANDING

KEY FINDINGS

LESSONS LEARNED TO-DATE

- ▶ The region is growing as new jobs are created, and these jobs are bringing more workers to the area than the amount of new housing that is being built.
- ▶ Howard County is more affluent than its neighbors, and it has more families and middle-aged households. This dynamic is partially created by its housing supply, coupled with the other factors that make the County a desirable place to live, and then reinforced by limited new supply additions.
- ▶ Far fewer people who are employed in Howard County also live there, compared to nearly every other jurisdiction in the Washington-Baltimore region, and there is little variance by income. Howard County has less housing than it needs across all household types and income bands, and it is not building enough to keep up with job growth.
- ▶ Most new housing being built by the market is affordable to households making more than 80% of AMI (rental) and more than 120% of AMI (for-sale).
- ▶ Just 9% of housing in Howard County is affordable to households making less than 60% AMI, and virtually no for-sale homes that have been built in the last two decades are affordable to this group.
- ▶ As such, Howard County has less than its fair share of low- and moderate-income households than other nearby counties, particularly in the case of low-income singles and couples

WHAT DID WE DO AS NEXT STEPS?

COMING OUT OF LAST SET OF WORKGROUP MEETINGS

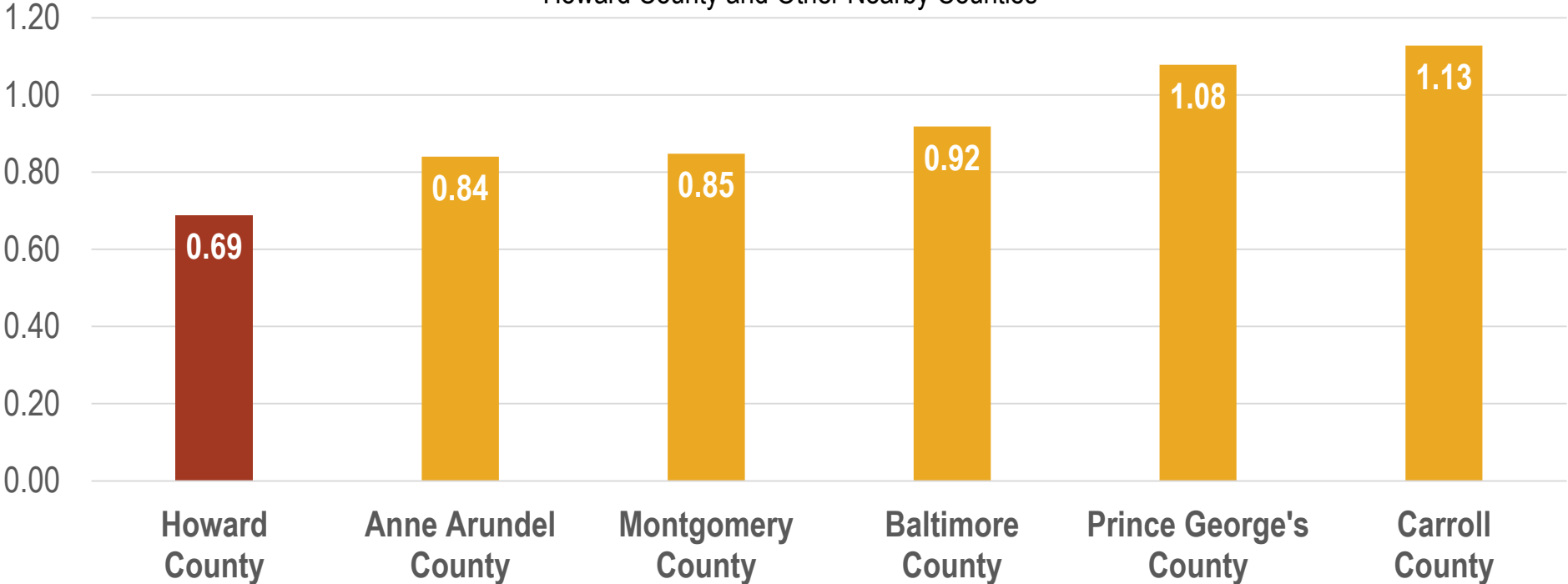
- ▶ **Housing Burden Analysis:** What share of incomes are Howard County households spending on housing? What share are cost-burdened (paying more than 30%)?
- ▶ **Qualitative Supply Analysis:** What is the character of housing supply, beyond its cost and size?
- ▶ **Supply/Demand Reconciliation:** Combine supply and demand analysis to understand where the mismatch is most prevalent
- ▶ **Distribution by Geography:** Evaluate how these trends vary within Howard County

HOUSING PRODUCTION IN HOWARD COUNTY

NOT ENOUGH TO SUPPORT ITS EMPLOYEES

► Howard County has more jobs than housing units, likely contributing to its housing constraints

Ratio of Housing Units to Jobs, 2019;
Howard County and Other Nearby Counties



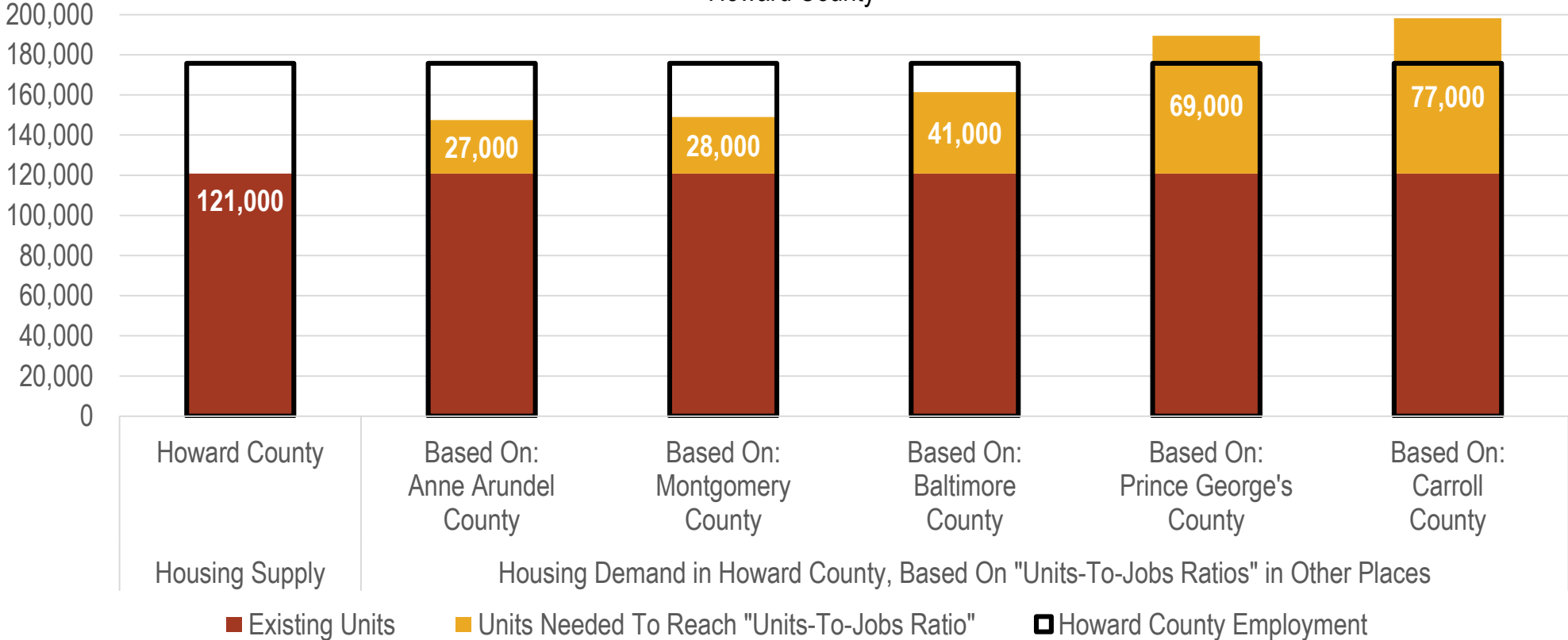
Jobs	175,700	274,900	473,700	375,900	318,000	57,400
Housing Units	120,900	230,800	401,600	345,300	342,900	64,800

LACK OF HOUSING SUPPLY

LIKELY REQUIRES AN ADDITIONAL 30,000 TO 40,000 UNITS

► Howard County likely requires between 30,000 and 40,000 additional housing units in order to reach the housing units-to-jobs ratios seen in other nearby jurisdictions.

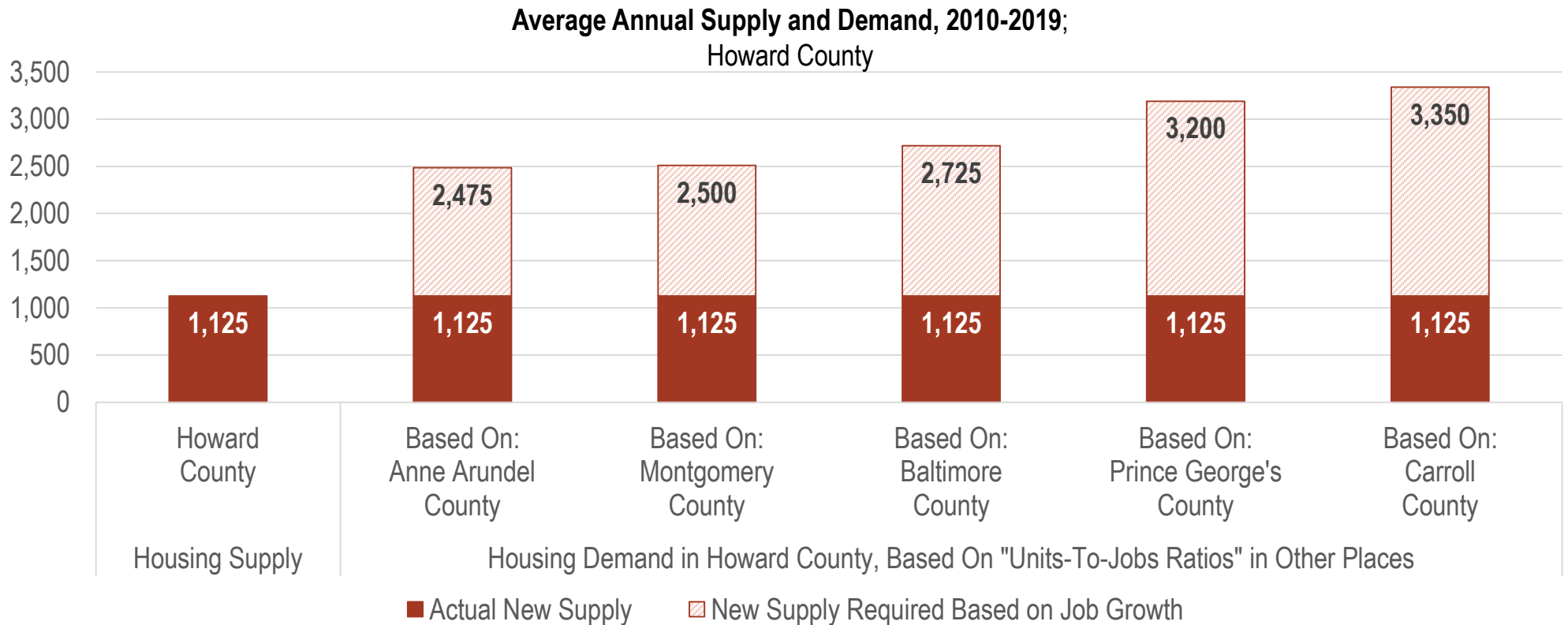
Housing Units Needed to Reach Units-To-Jobs Ratios of Other Jurisdictions, 2019;
Howard County



ANNUAL HOUSING ADDITIONS

50% OF WHAT IT SHOULD BE, BASED ON RECENT JOB GROWTH

- ▶ Howard County added an average of 2,960 new jobs per year over the last decade.
- ▶ Based on the units-to-jobs ratios in other nearby counties, this growth translates to annual demand for 2,500 to 3,000 units, more than double what Howard County has actually built during this time.



HOUSING DEMAND & AFFORDABILITY

AMI: BALTIMORE REGION (INCL. HOWARD COUNTY)

► The AMI bands for the Baltimore PMSA—which includes Howard County—are shown below. These bands can be helpful to identify differences between Howard County and other surrounding areas.

	AMI	Under 30% AMI	30%-60% AMI	60%-80% AMI	80%-120% AMI	Over 120% AMI
1-Person Household	\$66K	Under \$21K	\$21K-\$42K	\$42K-\$53K	\$53K-\$79K	Over \$79K
2-Person Household	\$76K	Under \$24K	\$24K-\$49K	\$49K-\$60K	\$60K-\$91K	Over \$91K
3-Person Household	\$85K	Under \$27K	\$27K-\$55K	\$55K-\$68K	\$68K-\$102K	Over \$102K
4-Person Household	\$94K	Under \$30K	\$30K-\$61K	\$61K-\$76K	\$76K-\$113K	Over \$113K
5-Person Household	\$102K	Under \$33K	\$33K-\$66K	\$66K-\$82K	\$82K-\$122K	Over \$122K

AMI: HOWARD COUNTY (FOR LOCAL PROGRAMS)

- ▶ Howard County also sets its own AMI bands for local programs like its Moderate Income Housing Unit (“MIHU”) program. These bands can be helpful to identify differences within Howard County.
- ▶ Higher than the AMI bands for the Baltimore PMSA, given the economic and demographic makeup of Howard County compared to the broader region.



**Moderate Income Housing Unit Program
For Low-Income Housing Units
For-Sale Units - Eligibility Income Limits (60% of Median)**

**Moderate Income Housing Unit Program
For-Sale Units - Eligibility Income Limits (80% of Median)**

Howard County Median Household Income (Family of Four) = \$115,576

Baltimore PMSA Median Household Income (Four-Person Household) = \$94,400

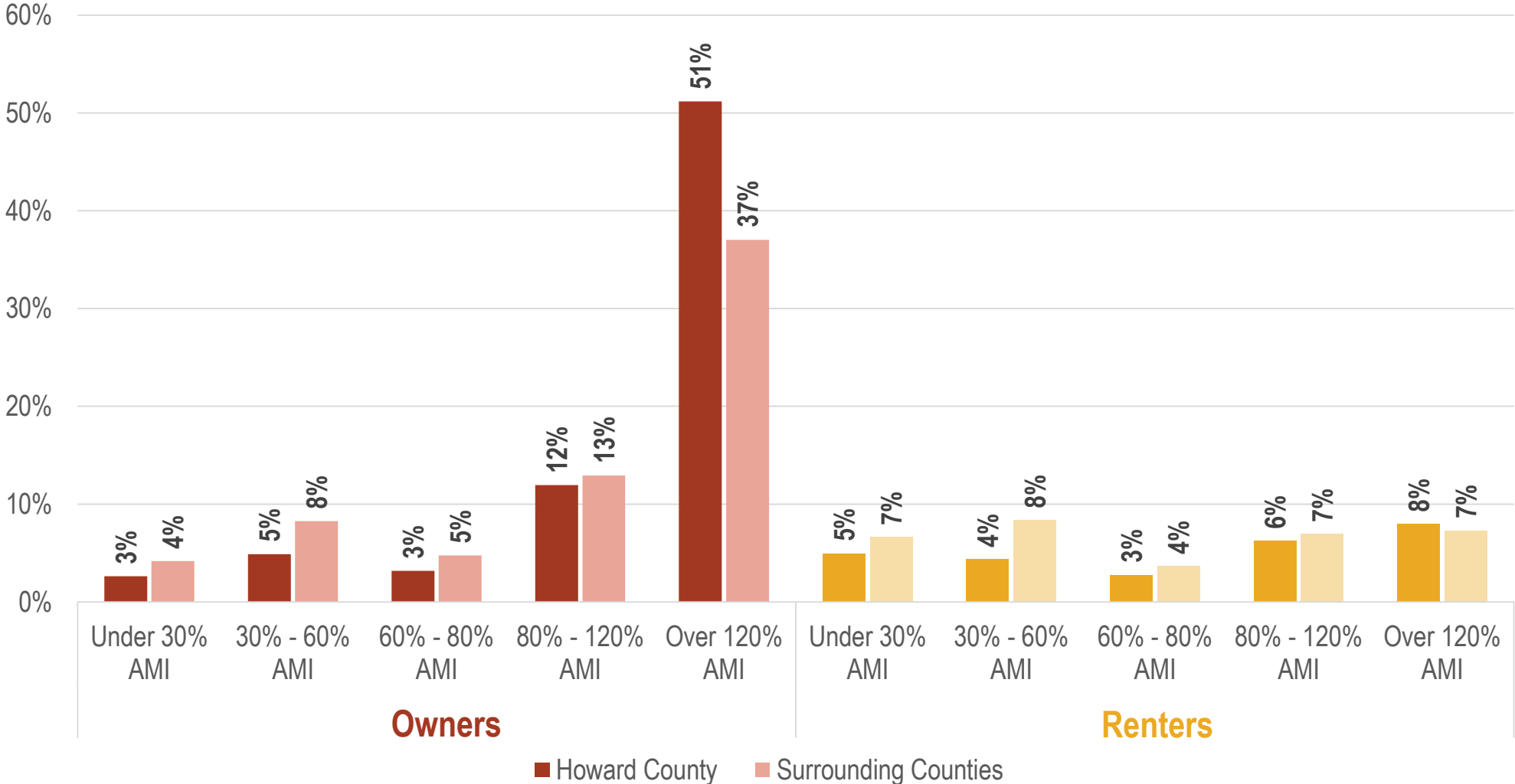
Family Size	Amount	Compared to: Baltimore PMSA
One Person	\$48,542	\$42,400
Two Persons	\$55,476	\$48,500
Three Persons	\$62,411	\$54,500
Four Persons	\$69,346	\$60,600
Five Persons	\$74,893	\$65,500
Six Persons	\$80,441	\$70,300
Seven Persons	\$85,989	\$75,200
Eight Persons	\$91,536	\$80,000

Family Size	Amount	Compared to: Baltimore PMSA
One Person	\$64,723	\$58,850
Two Persons	\$73,969	\$60,400
Three Persons	\$83,215	\$67,950
Four Persons	\$92,461	\$75,500
Five Persons	\$99,858	\$81,550
Six Persons	\$107,255	\$87,600
Seven Persons	\$114,651	\$93,650
Eight Persons	\$122,048	\$99,700

COMPARISON TO OTHER SURROUNDING COUNTIES

GREATER SHARE OF OWNERS, ESPECIALLY IN HIGH AMI BANDS

Distribution of Households by Tenure and AMI Band, 2017;
Howard County, MD and Surrounding Counties



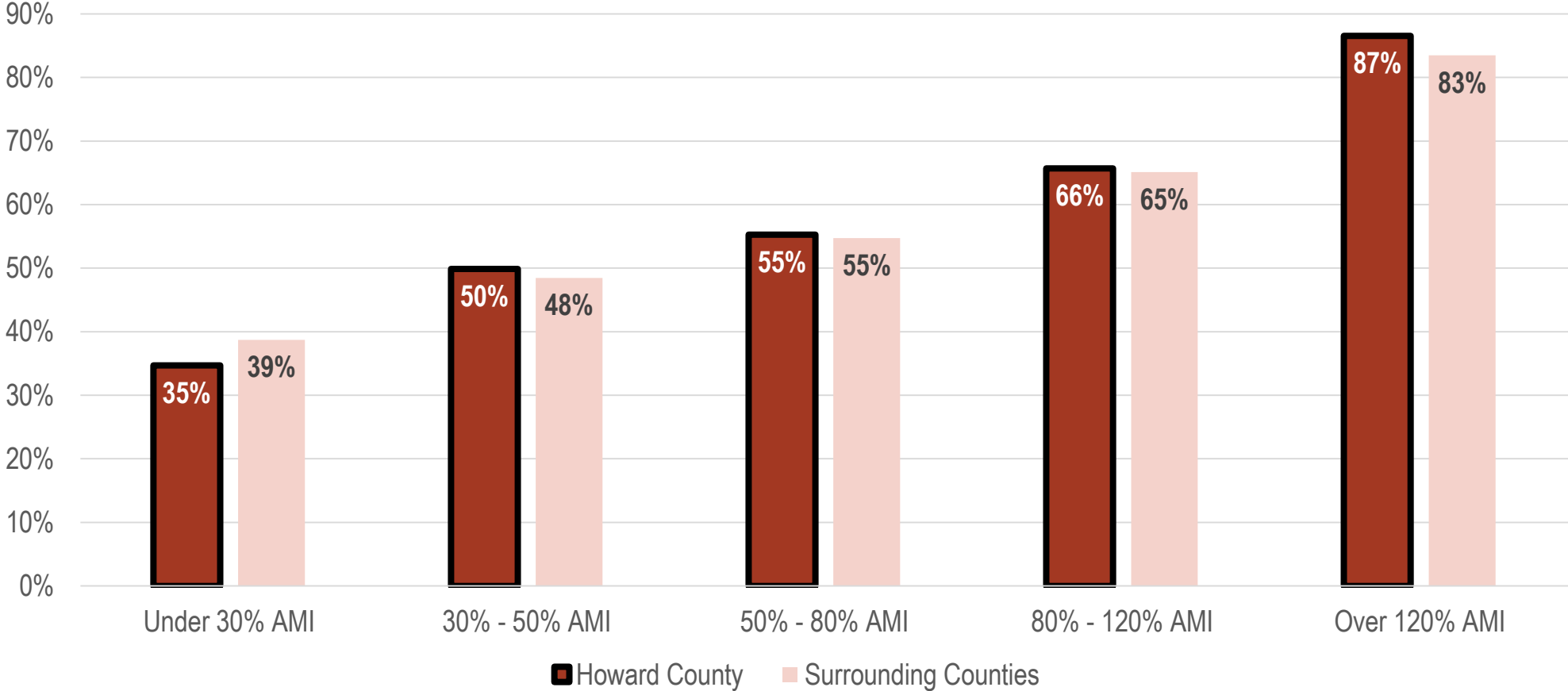
Note: "Surrounding Counties" include Anne Arundel, Baltimore, Carroll, Montgomery, and Prince George's Counties
Source: 2017 American Community Survey 5-Year Estimates 2013-2017; ACS PUMS Data 2016-2017; RCLCO

HOMEOWNERSHIP

HIGH HOMEOWNERSHIP RATE IN HOWARD COUNTY

► Largely due to higher-income households; many low- and moderate-income households are renters.

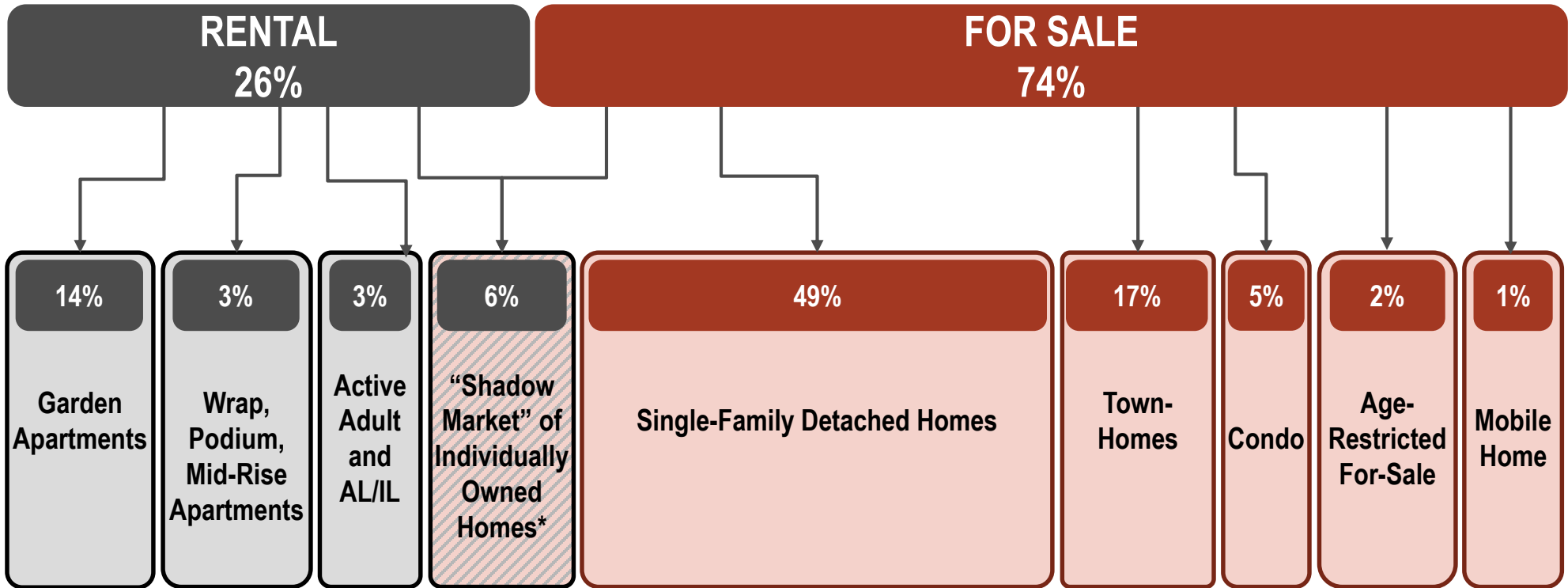
Homeownership Rate by AMI Band, 2017;
Howard County, MD and Surrounding Counties



FOR-SALE HOUSING SUPPLY

EXISTING HOUSING INVENTORY

Rental and For-Sale Inventory, 2020;
Howard County



Suburban Garden



Urban (Midrise)



Assisted Living ("AL")



SFD



Townhomes



Condominium







*"Shadow market" refers to single family homes and townhomes that are rented

Image Source: Google Images

Source: Howard County Department of Planning and Zoning; 2018 Howard County Rental Survey; Howard County Office on Aging and Independence; Maryland Department of Assessments and Taxation; CoStar; PUMS; RCLCO

FOR-SALE HOUSING INVENTORY

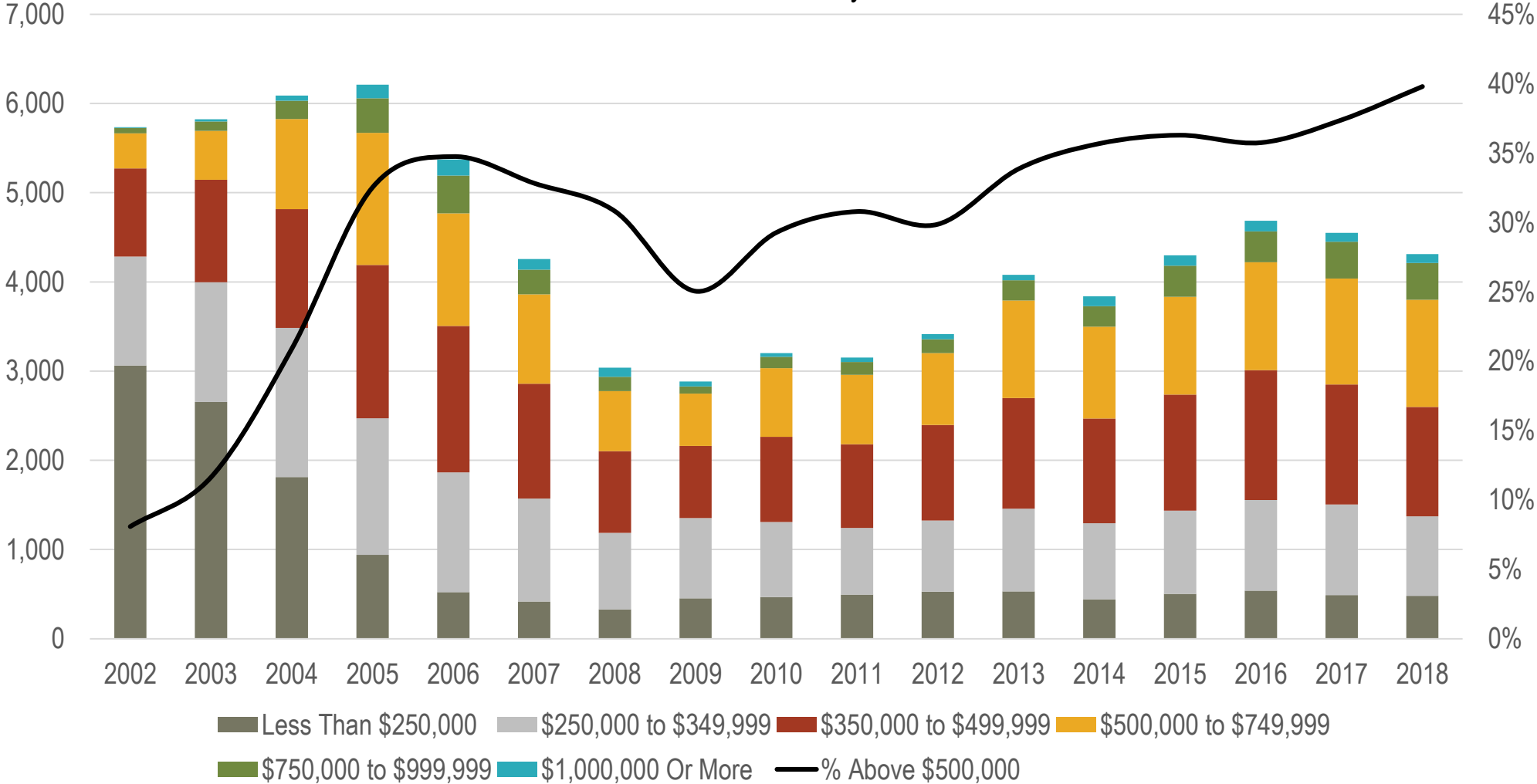
NEW SINGLE-FAMILY HOMES ARE LARGER, MORE EXPENSIVE

	LARGE SFD	MODERATE SFD	SMALL SFD	TOWNHOME	CONDOMINIUM	OTHER
						
Description	Larger (3,000+ SF) detached homes	Moderate-sized (2,000 to 3,000 SF) detached homes	Smaller (<2,000 SF) detached homes	Attached homes, often multi-story	Condo units in multifamily buildings	Mobile homes
Average Size	4,046	2,440	1,528	1,707	1,158	1,400
Average Price	\$737,687	\$481,704	\$257,232	\$327,802	\$214,351	\$296,956
Average Year Built	1996	1985	1972	1992	1988	1975
% Built Before 1980	8%	30%	65%	22%	18%	19%
Total Number of Homes	15,718	24,024	22,260	27,329	6,190	1,288
Number of Homes Built 2010-2019	2,999	1,254	190	4,100	64	5
Dist. of Total For-Sale Inventory	16%	25%	23%	29%	6%	1%
Dist. of Homes Built 2010-2019	35%	15%	2%	48%	1%	0%

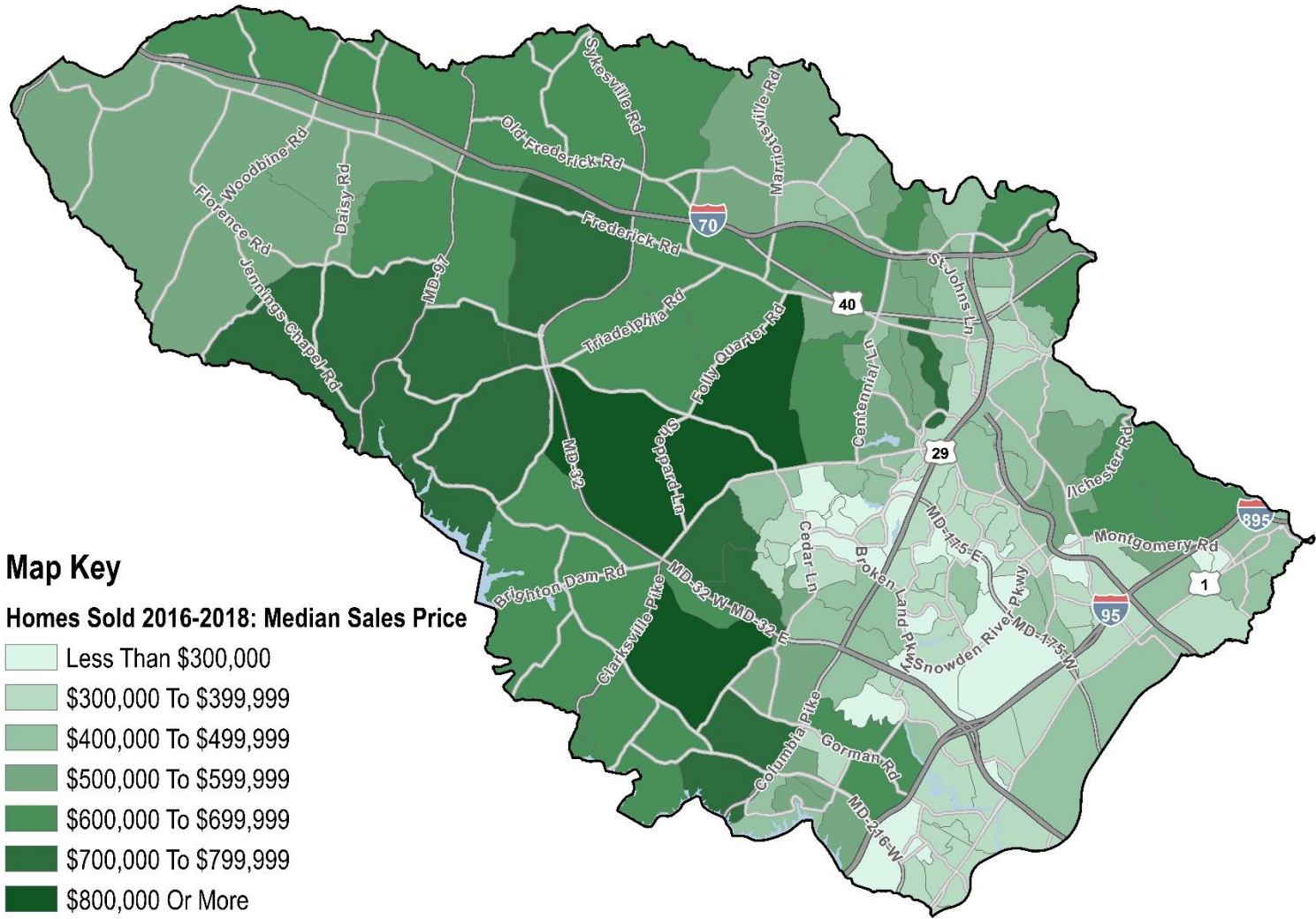
FOR-SALE HOUSING INVENTORY

PRICES ARE CONTINUING TO INCREASE

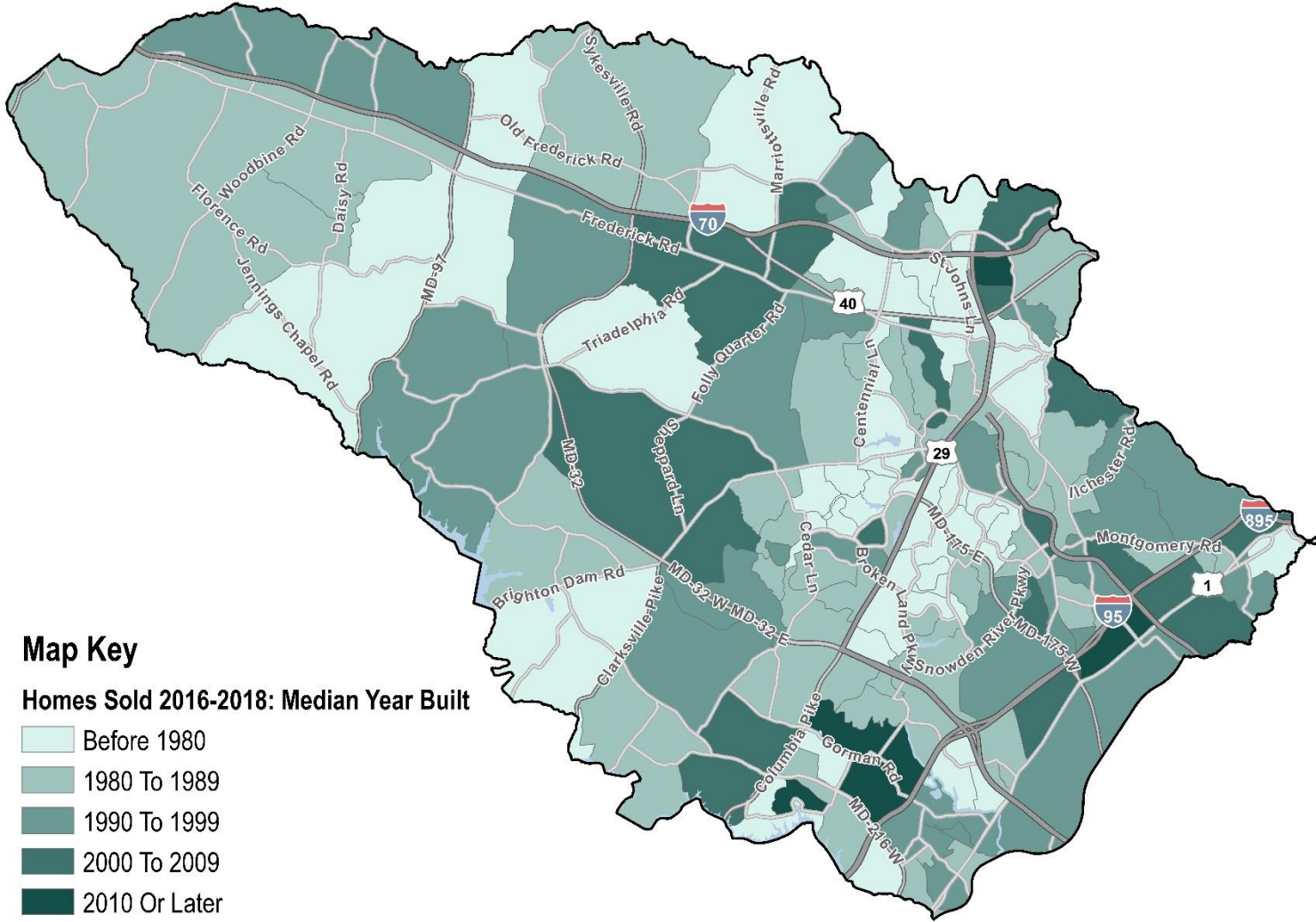
Historical Transaction Activity by Product Type, 2002-2018;
Howard County



MEDIAN SALES PRICE IN HOWARD COUNTY



MEDIAN YEAR BUILT IN HOWARD COUNTY



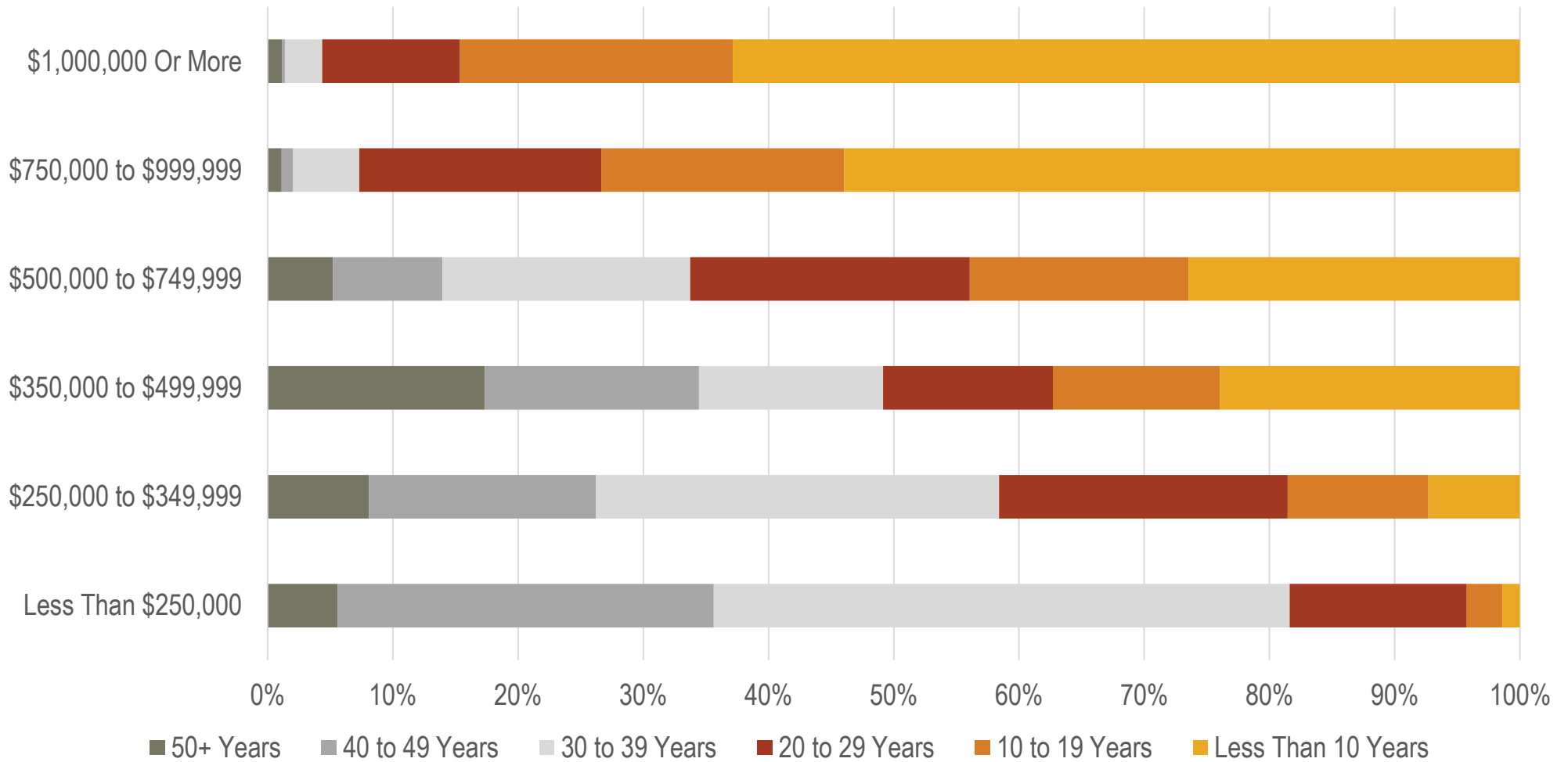
Map Key

- Homes Sold 2016-2018: Median Year Built**
- Before 1980
 - 1980 To 1989
 - 1990 To 1999
 - 2000 To 2009
 - 2010 Or Later

AGE OF HOUSING INVENTORY

MORE AFFORDABLE HOMES TEND TO BE MUCH OLDER

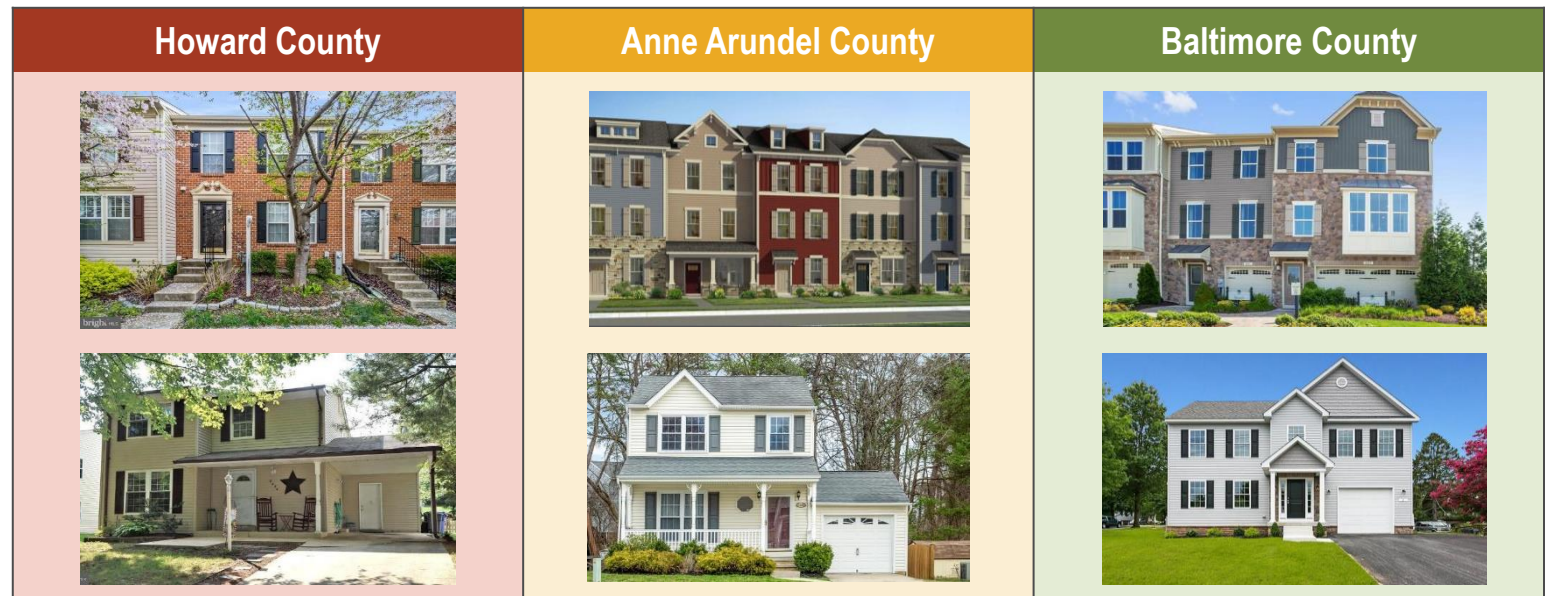
Age of Homes Sold by Price Band, 2015-2018;
Howard County



WHAT \$350,000 GETS YOU IN HOWARD COUNTY

FEWER OPTIONS, SMALLER HOMES, AND MUCH OLDER

- ▶ On average, homes in this price range that are available for sale in Anne Arundel County are...
 - » **Townhomes:** Similarly sized (2% larger) but significantly newer (18 years) than what is available in Howard County
 - » **Single-Family Detached:** Slightly larger (4%) and slightly newer (4 years) than what is available in Howard County
- ▶ On average, homes in this price range that are available for sale in Baltimore County are...
 - » **Townhomes:** Much bigger (15% larger) and much newer (10 years) than what is available in Howard County
 - » **Single-Family Detached:** Much bigger (24%) and slightly newer (5 years) than what is available in Howard County
- ▶ There are also half as many of these townhomes available in Howard County than there are in Anne Arundel County and Baltimore County, and just 15-20% as many single-family detached homes.



Note: Based on current listings available on Redfin as of April 2, 2020

Source: Redfin; RCLCO

E4-12823.00 | 5/13/2020 | 29

NEW HOMES COST MORE IN HOWARD COUNTY

SFD RUNS \$250K MORE EXPENSIVE; \$100K FOR TOWNHOMES

► The average price for “new product” is:

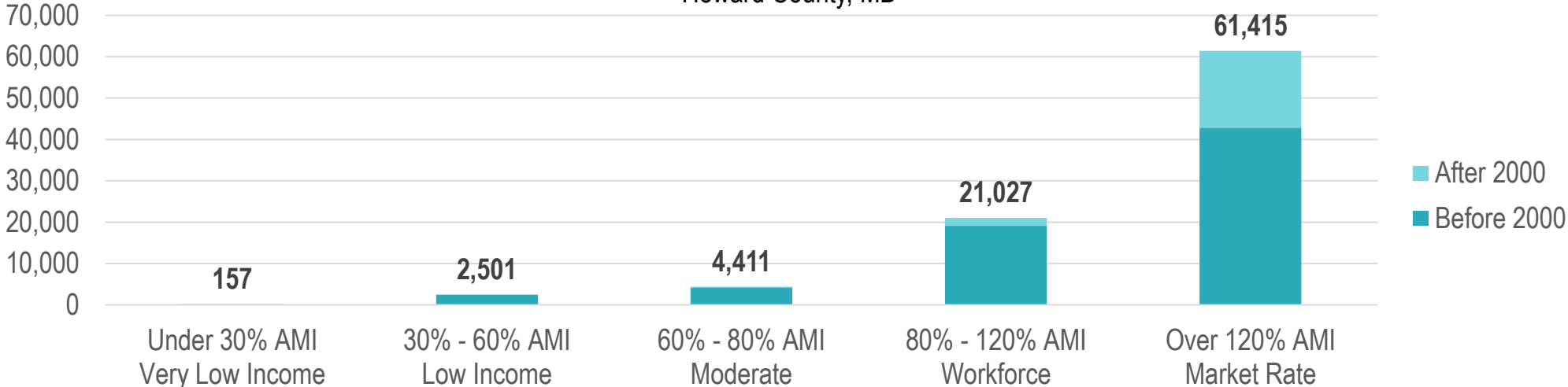
COUNTY		AVERAGE PRICE
Howard	 	<p>Townhomes: \$515,000 (2,471 SF)</p> <p>Single-Family Detached Homes: \$928,000 (4,025 SF)</p>
Anne Arundel	 	<p>Townhomes: \$438,000 (2,274 SF)</p> <p>Single-Family Detached Homes: \$684,000 (2,969 SF)</p>
Baltimore	 	<p>Townhomes: \$395,000 (2,246 SF)</p> <p>Single-Family Detached Homes: \$665,000 (3,462 SF)</p>

FOR-SALE HOUSING AFFORDABILITY

MOST AFFORDABLE TO HOUSEHOLDS MAKING 120%+ OF AMI

► Fewer than one-third of for-sale housing units are affordable to households making less than 120% of AMI, with most of this product being older.

For-Sale Housing Inventory by AMI Band and Year Built, 2020;
Howard County, MD








	SFD	TH	Condo	MH	Total	%
FOR-SALE UNITS BUILT BEFORE 2000						
Under 30% AMI	10	5	61	73	148	0%
30% - 60% AMI	145	280	1,364	662	2,451	4%
60% - 80% AMI	790	1,841	1,418	175	4,224	6%
80% - 120% AMI	8,120	8,442	2,281	298	19,140	28%
Over 120% AMI	38,421	4,063	272	80	42,836	62%
TOTAL	47,486	14,629	5,395	1,288	68,799	

	SFD	TH	Condo	MH	Total	%
FOR-SALE UNITS BUILT AFTER 2000						
Under 30% AMI	3	0	6	0	9	0%
30% - 60% AMI	45	2	3	0	50	0%
60% - 80% AMI	118	38	30	0	186	1%
80% - 120% AMI	412	1,028	378	0	1,818	9%
Over 120% AMI	11,783	6,091	378	0	18,251	90%
TOTAL	12,361	7,159	795	0	20,315	

RENTAL HOUSING SUPPLY

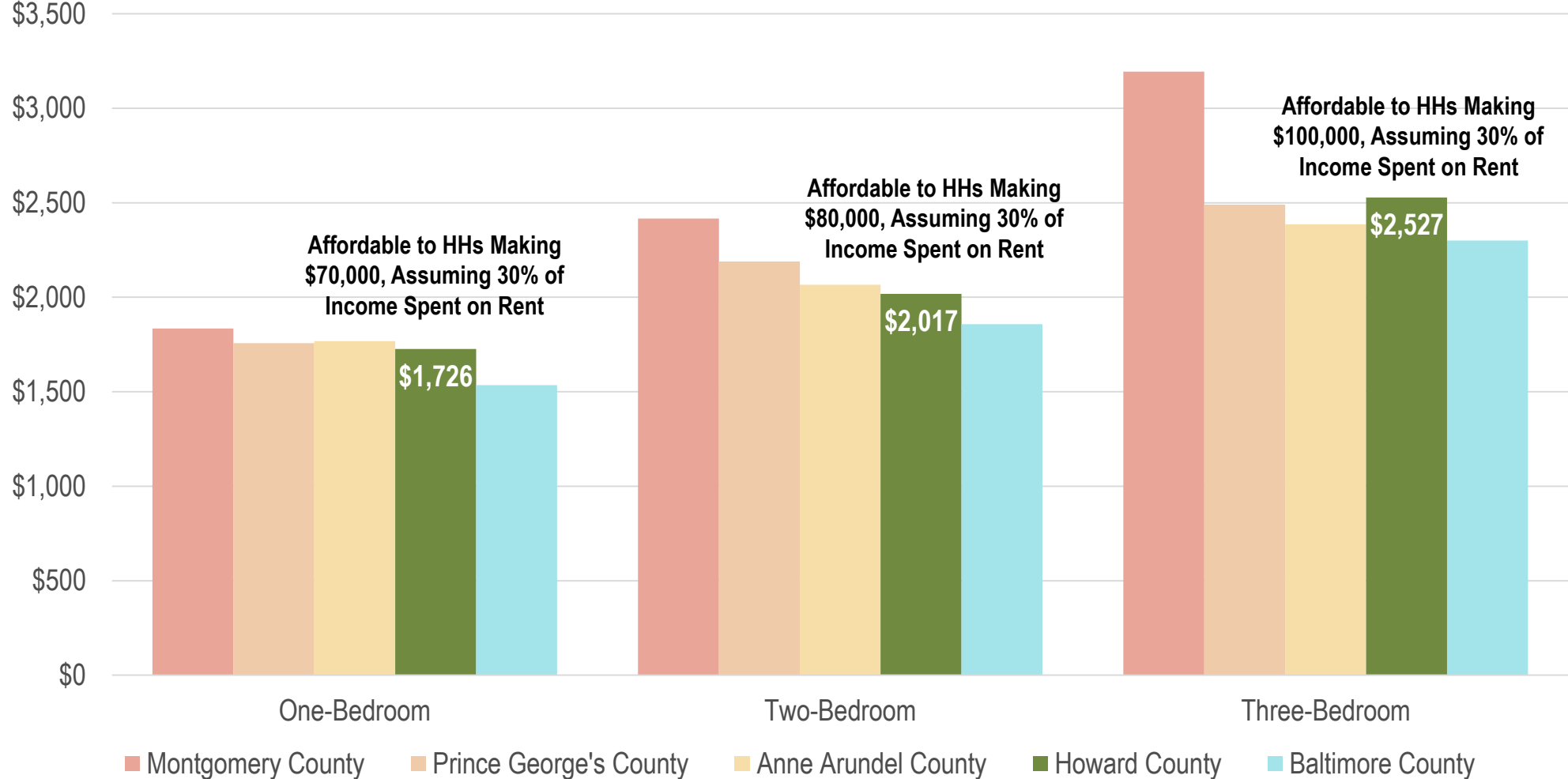
RENTAL HOUSING INVENTORY

MOST RENTAL HOUSING IS OLDER, GARDEN-STYLE

	GARDEN-STYLE APARTMENTS & TOWNHOMES	WRAP / PODIUM APARTMENTS	MIDRISE APARTMENTS	ACTIVE ADULT / SENIORS	SHADOW MARKET RENTALS
					
Avg. Size (SF)	970 SF	990 SF	920 SF	Varies by Level of Care	N/A
Typical Avg. Rent	\$1,575 \$1,000 to \$1,700	\$2,050 \$1,700 to \$1,900	\$1,425 \$1,100 to \$1,300	Varies by Level of Care	\$1,820 \$1,800 to \$1,900
Avg. Year Built	1987	2016	1972	2000	N/A
Est. Inventory	17,059	3,557	425	3,012	7,297
Est. Number of Units Built 2010-2019	2,273	3,451	0	422	698
Est. Share of Inventory	54%	11%	1%	10%	23%
Est. Share of Units Built 2010-2019	33%	50%	0%	6%	10%
Est. Number Affordable to <60% AMI	2,538 (15% of Units)	165 (5% of Units)	139 (33% of Units)	2,570 (85% of Units)	2,448 (34% of Units)

RENTS FOR NEW APARTMENTS OFTEN AFFORDABLE TO MIDDLE-INCOME RENTERS

Average Asking Rents for Apartments in “New” Buildings by Bedroom Count, March 2020;
Select Counties in Maryland



Note: “New” is defined as those buildings that delivered after 2010

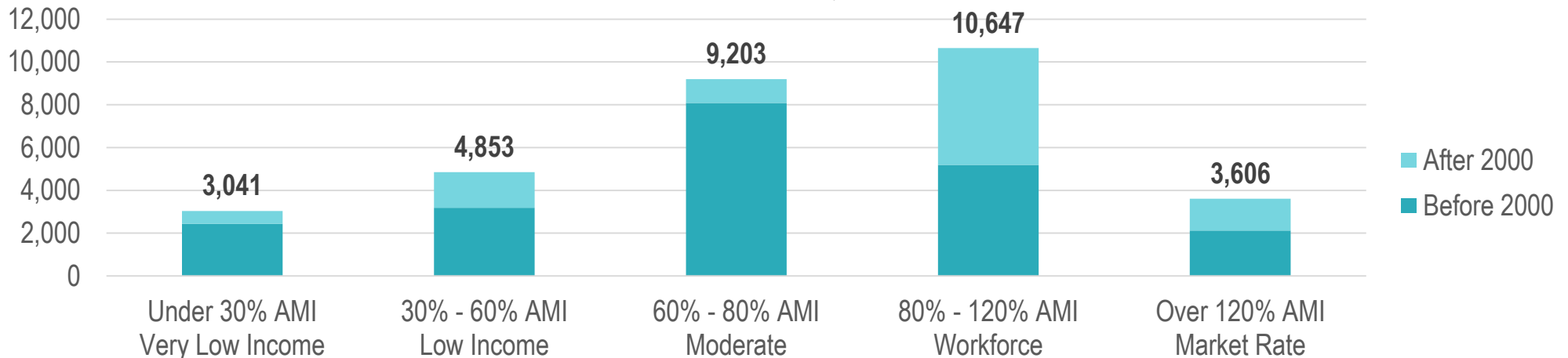
Source: Axiometrics; RCLCO

RENTAL AFFORDABILITY

NEW UNITS AFFORDABLE TO WORKFORCE, OLD UNITS STILL KEY

- ▶ Most attainable rental stock for low- and moderate-income households is older
- ▶ New rental apartments are often affordable to workforce households

Rental Housing Inventory by AMI Band and Year Built, 2020;
Howard County, MD



	Active Adult / Shadow							Total	%
	Studio	1BR	2BR	3BR	4BR	Seniors	Market		
RENTAL UNITS BUILT BEFORE 2000									
Under 30% AMI	0	255	377	116	43	337	1,312	2,440	12%
30% - 60% AMI	0	564	928	62	0	759	874	3,187	15%
60% - 80% AMI	26	2,910	4,081	603	3	0	461	8,084	38%
80% - 120% AMI	0	1,598	2,098	336	9	0	1,149	5,189	25%
Over 120% AMI	0	0	0	0	0	0	2,126	2,127	10%
TOTAL	26	5,326	7,484	1,117	54	1,096	5,923	21,027	

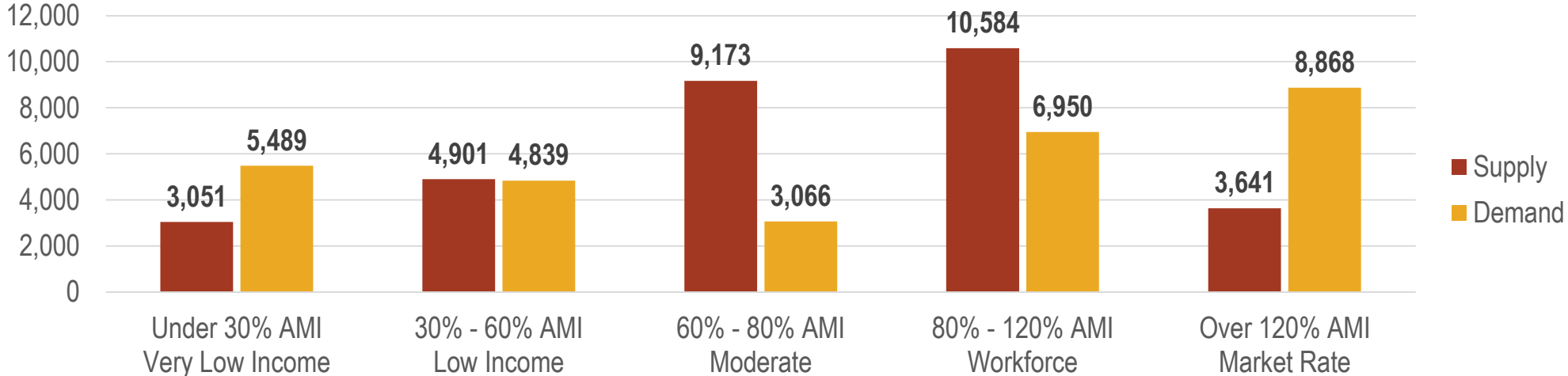
	Active Adult / Shadow							Total	%
	Studio	1BR	2BR	3BR	4BR	Seniors	Market		
RENTAL UNITS BUILT AFTER 2000									
Under 30% AMI	0	53	36	0	0	297	214	601	6%
30% - 60% AMI	0	167	178	97	0	1,176	49	1,666	16%
60% - 80% AMI	12	153	813	35	0	5	101	1,119	11%
80% - 120% AMI	80	2,100	2,310	495	0	202	271	5,458	53%
Over 120% AMI	0	47	352	106	0	235	740	1,480	14%
TOTAL	92	2,520	3,689	732	0	1,916	1,374	10,323	

RECONCILIATION OF SUPPLY & DEMAND

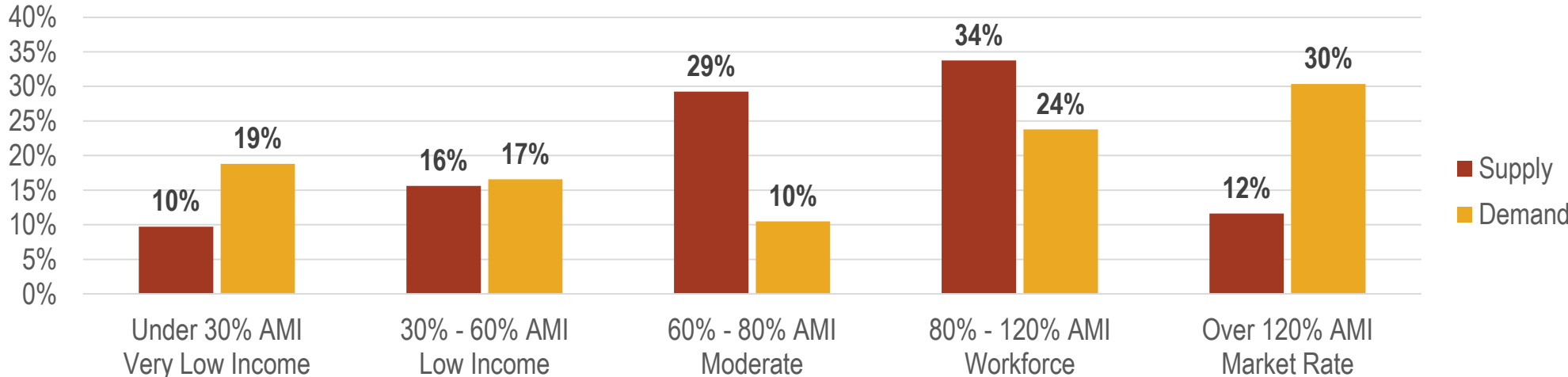
SUPPLY & DEMAND RECONCILIATION – RENTAL

Comparison of Rental Housing Supply and Demand by AMI Band; Howard County, MD

Total HHs and Units

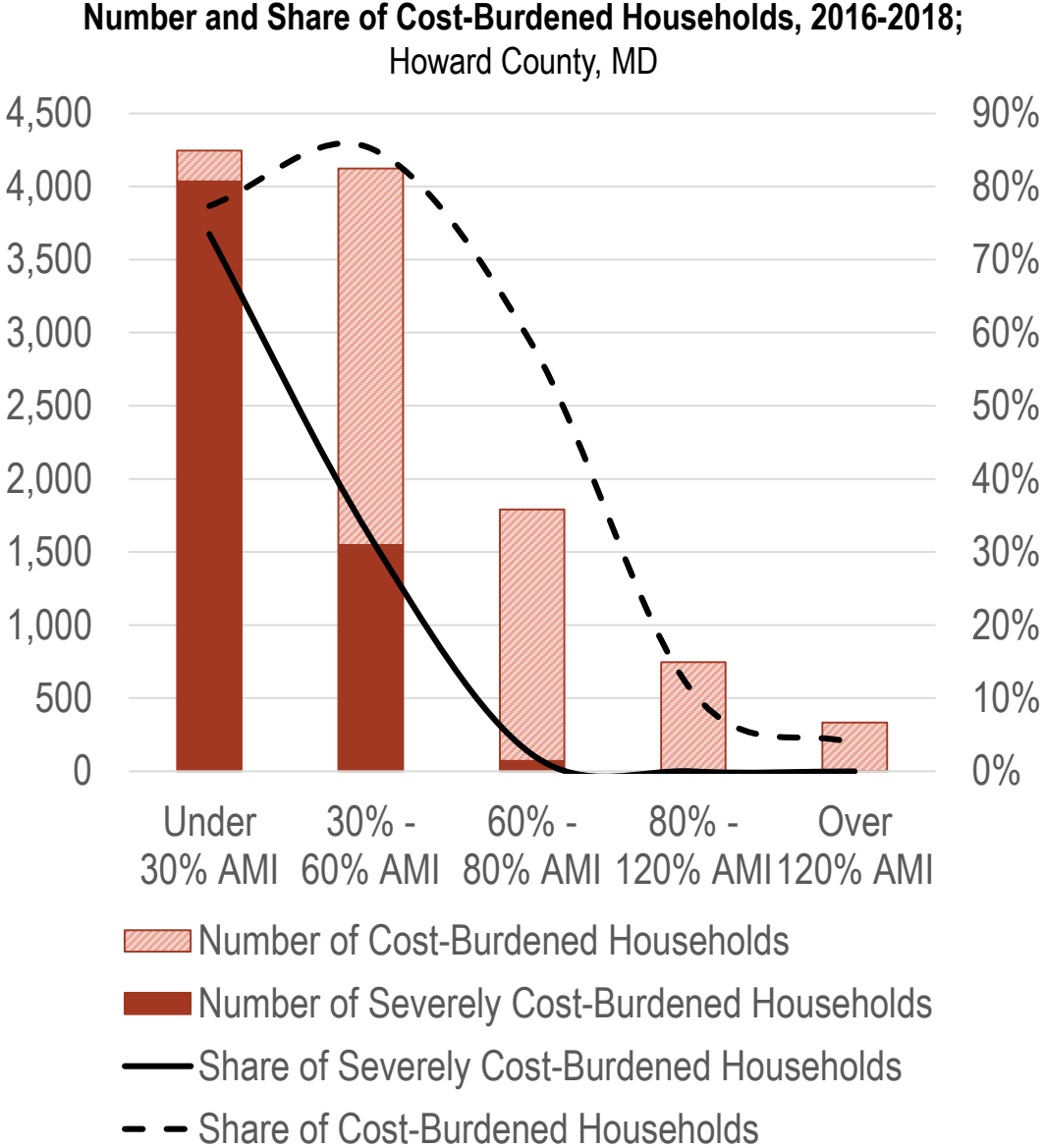
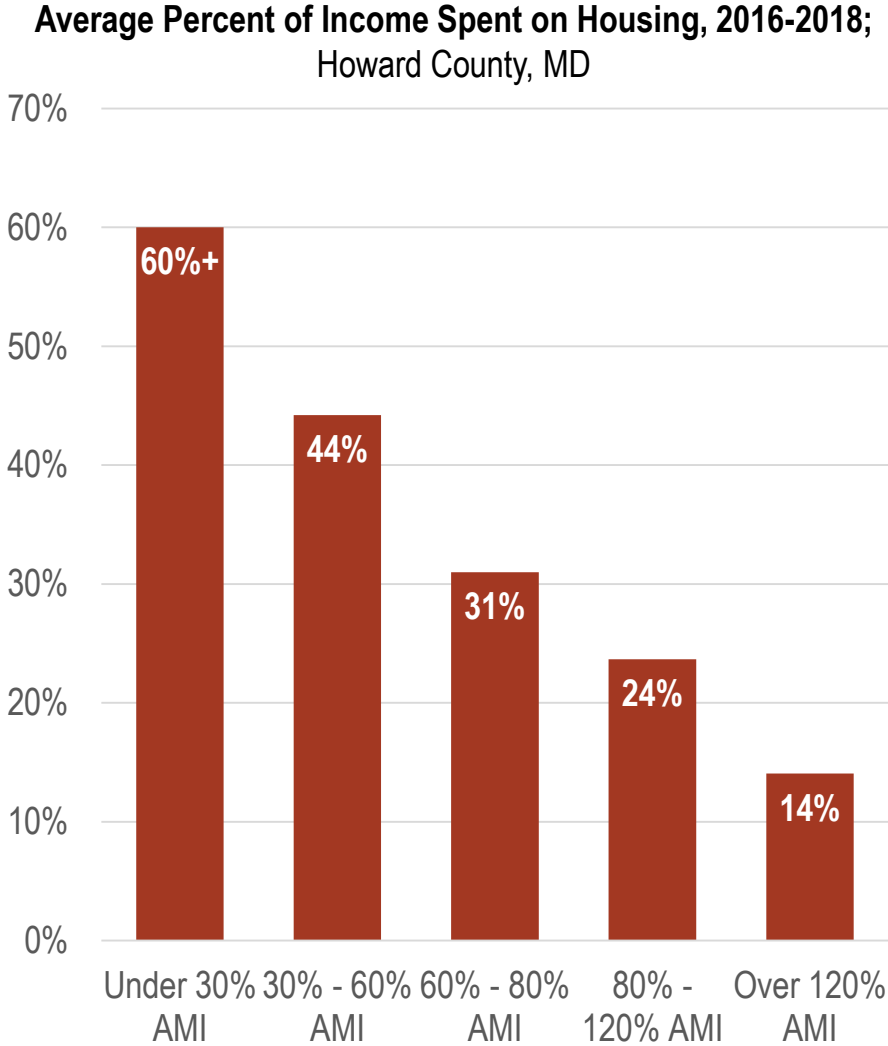


Distribution of HHs and Units



COST BURDEN OF RENTAL HOUSING

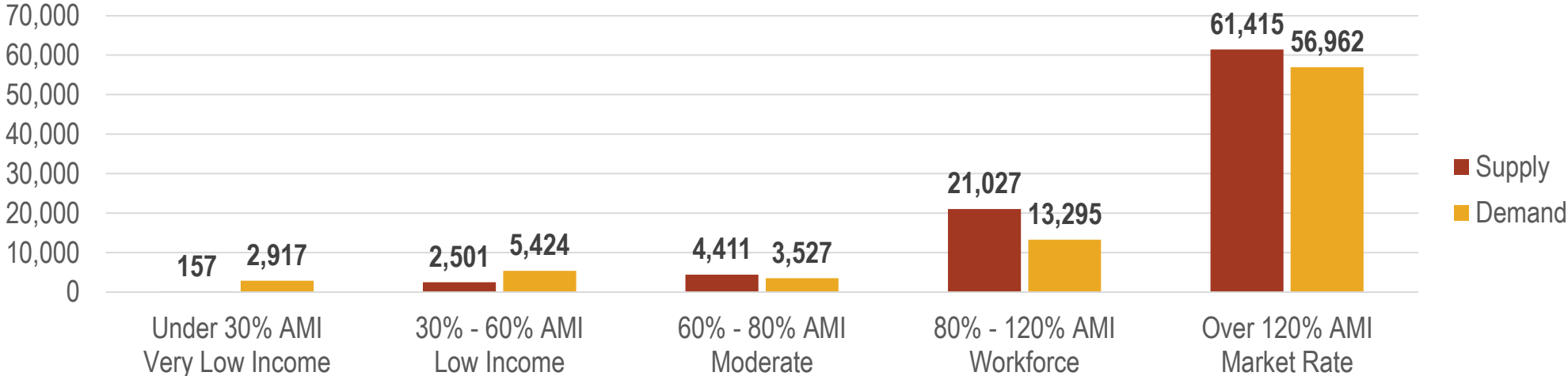
MOSTLY FELT BY LOW AND VERY-LOW INCOME HOUSEHOLDS



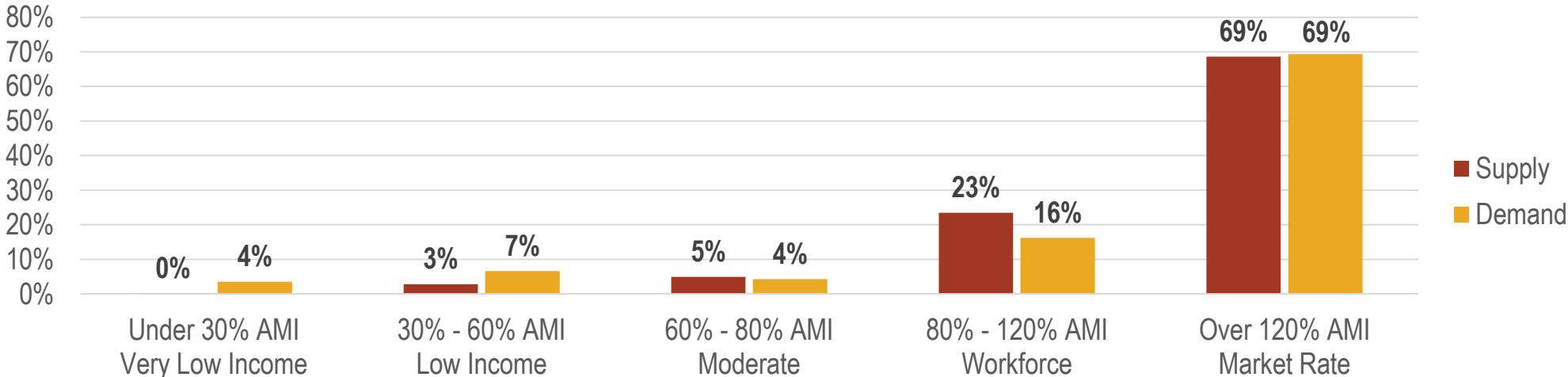
SUPPLY & DEMAND RECONCILIATION – FOR-SALE

Comparison of Rental Housing Supply and Demand by AMI Band, 2020;
Howard County, MD

Total HHs and Inventory



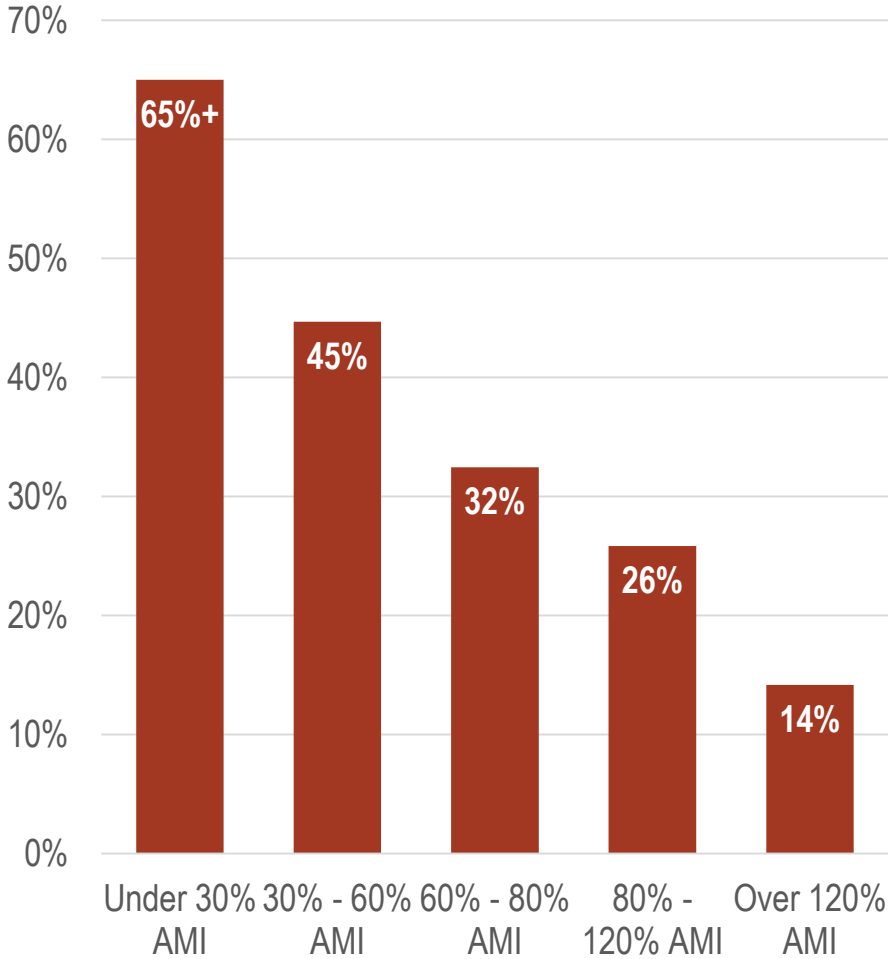
Distribution of HHs and Inventory



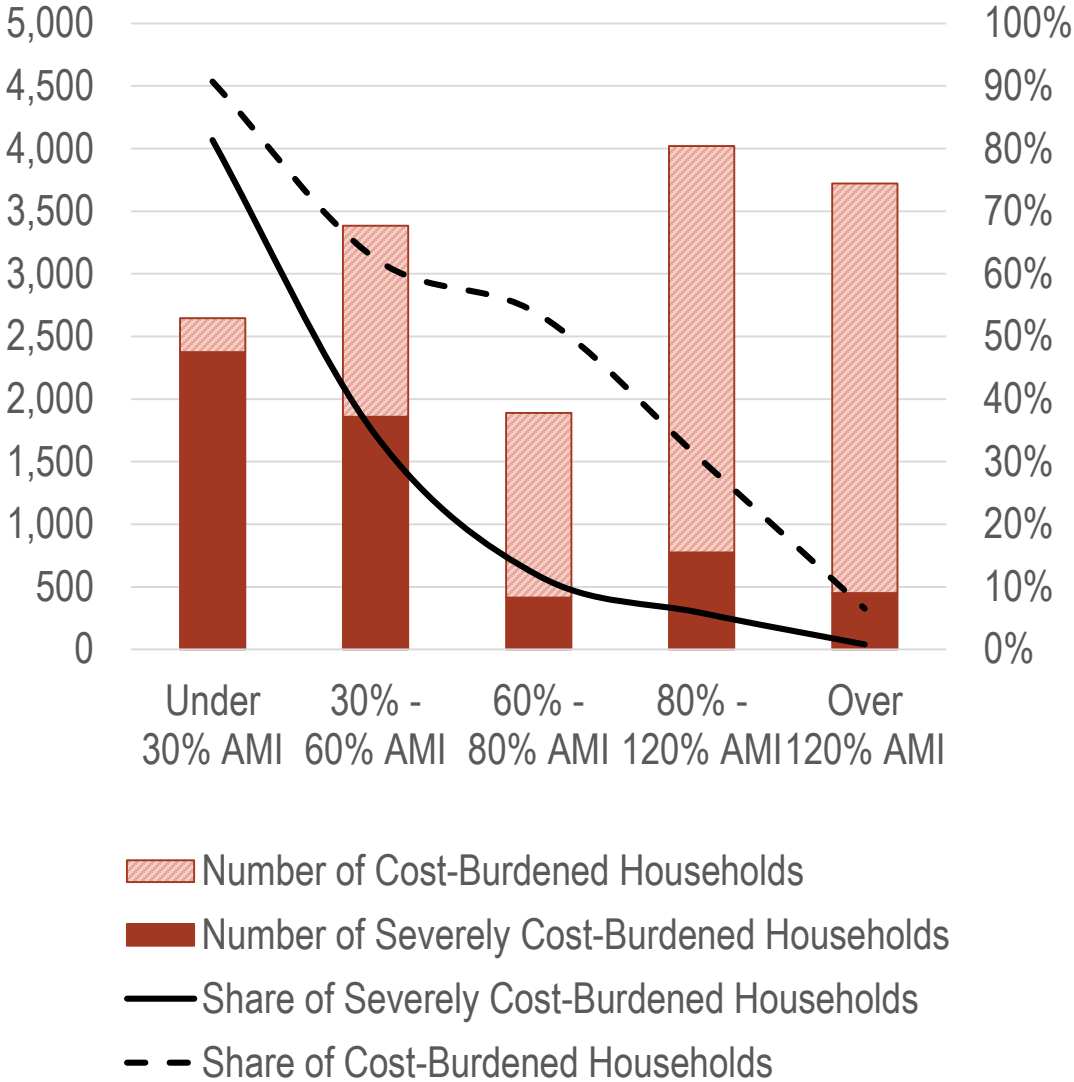
COST BURDEN OF FOR-SALE HOUSING

HIGHEST AT LOW INCOMES BUT SPREAD ACROSS ALL AMI BANDS

Average Percent of Income Spent on Housing, 2016-2018;
Howard County, MD



Number and Share of Cost-Burdened Households, 2016-2018;
Howard County, MD



“REAL WORLD” APPLICATION

WHO IS BEST SERVED IN HOWARD COUNTY?

Select Industries by AMI Band, 2017;
Howard County, MD

NAICS CODE	SECTOR	AVG. ANNUAL WAGES	AMI BAND					
			< 30%	30% - 60%	60% - 80%	80% - 120%	120%+	
52312	Securities Brokerage	\$190,000						X
5112	Software Publishers	\$149,000						X
5415	Computer Systems Design and Related Services	\$107,000						X
541	Professional, Scientific, and Technical Services	\$93,000						X
6211	Offices of Physicians	\$92,000						X
5312	Offices of Real Estate Agents and Brokers	\$85,000						X
54111	Offices of Lawyers	\$80,000						X
54131	Architectural Services	\$77,000					X	
622	Hospitals	\$64,000					X	
5611	Office Administrative Services	\$63,000					X	
238	Contractors	\$62,000					X	
532	Rental and Leasing Services	\$61,000					X	
6212	Offices of Dentists	\$54,000					X	
62133	Offices of Mental Health Practitioners	\$51,000			X			
54121	Accounting, Tax Preparation, Bookkeeping, and Payroll Services	\$50,000			X			
54194	Veterinary Services	\$49,000			X			
6111	Elementary and Secondary Schools	\$42,000		X				
44413	Hardware Stores	\$41,000		X				
623	Nursing and Residential Care Facilities	\$32,000		X				
44611	Pharmacies and Drug Stores	\$28,000		X				
4451	Grocery Stores	\$27,000		X				
624	Social Assistance	\$26,000		X				
56172	Janitorial Services	\$26,000		X				
6244	Child Day Care Services	\$25,000		X				
7225	Restaurants and Other Eating Places	\$18,000	X					
611692	Automobile Driving Schools	\$17,000	X					

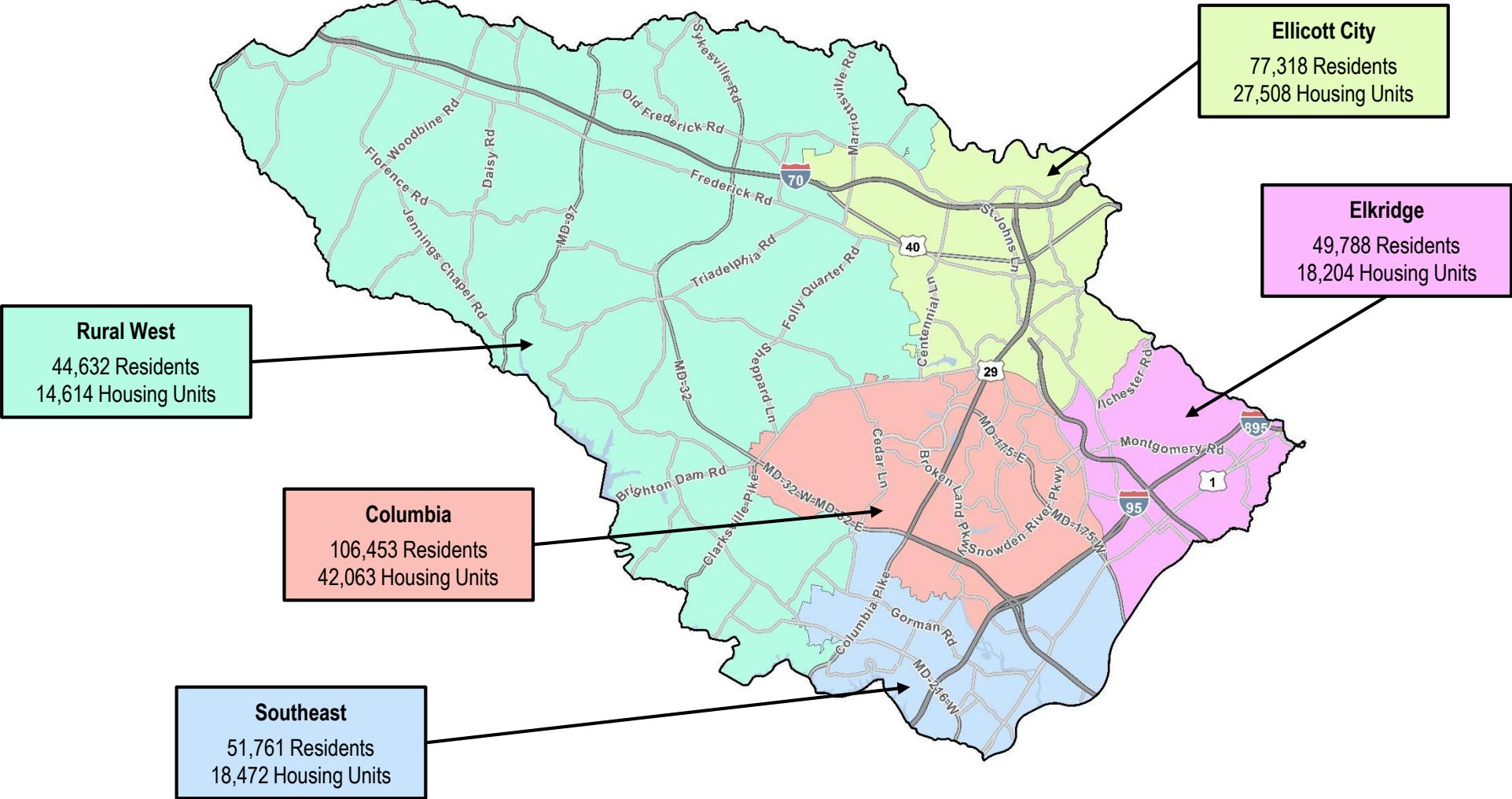
UNDERSERVED GROUPS AND STRATEGIES TO BETTER SERVE THEM

DEMOGRAPHIC GROUP	REASON FOR BEING UNDERSERVED	WAYS TO BETTER SERVE	LIKELY IMPACT OF BEING BETTER SERVED
Workforce Families	New development is generally targeting families with higher incomes given limited units allowed to be built each year	Allow for greater quantity and diversity of homes to be supplied by the market	Allows for a greater diversity of households in Howard County, and increases the likelihood that people who work here will be able to live here as well
Market Rate Families	Limited number of detached homes being built, and most are large and expensive	Allow for greater quantity and diversity of homes to be supplied by the market	Allows for a greater diversity of households in Howard County, and increases the likelihood that people who work here will be able to live here as well
Seniors	Very few homes that fit their needs to move and/or downsize into, especially in the case of newer homes	Develop a greater diversity of housing, including small-lot and single-story homes; potentially 55+ communities	Increases the likelihood that these households will stay in Howard County but move out of their existing homes, thereby freeing up older forms of housing
Low-Income Renters	Most new rental product is more urban and more expensive, and older product runs the risk of being redeveloped over time	Preserve existing garden-style rental apartments, which are generally older and more affordable	Allows for a greater diversity of households in Howard County, and increases the likelihood that people who work here will be able to live here as well
Professionals & Other Renters-By-Choice	Many of these renter households could afford newer and/or nicer product than the homes in which they live today	Develop more market-rate apartments, likely in urban and/or urbanizing locations	Reduces the likelihood of higher-income households crowding out the rental market for households that require older apartments that are more attainably priced

SUBMARKET COMPARISON

SUBMARKET OVERVIEW

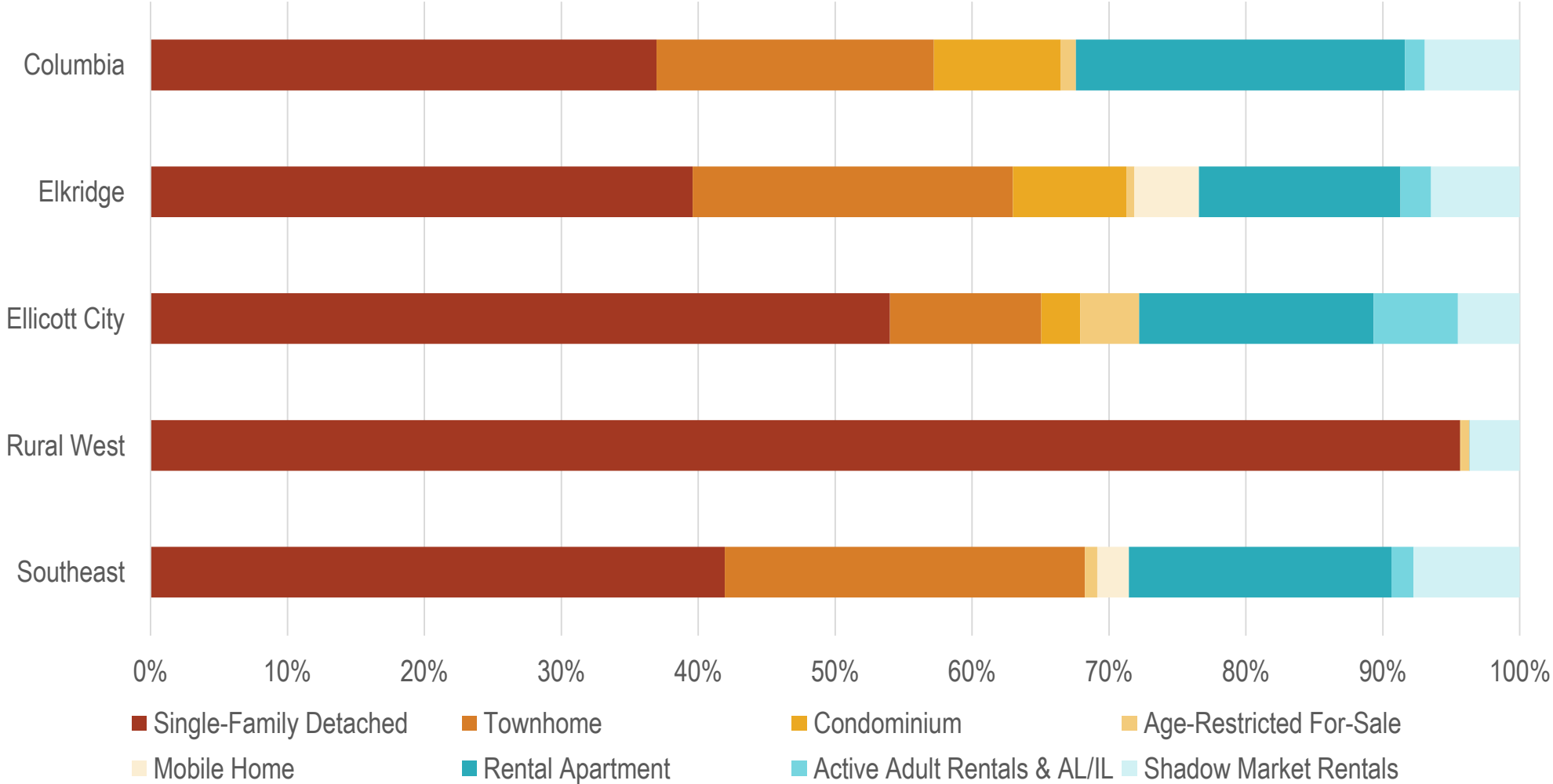
Map of Submarkets, 2020;
Howard County, MD



HOUSING INVENTORY COMPARISON

DISTRIBUTION ACROSS EACH SUBMARKET

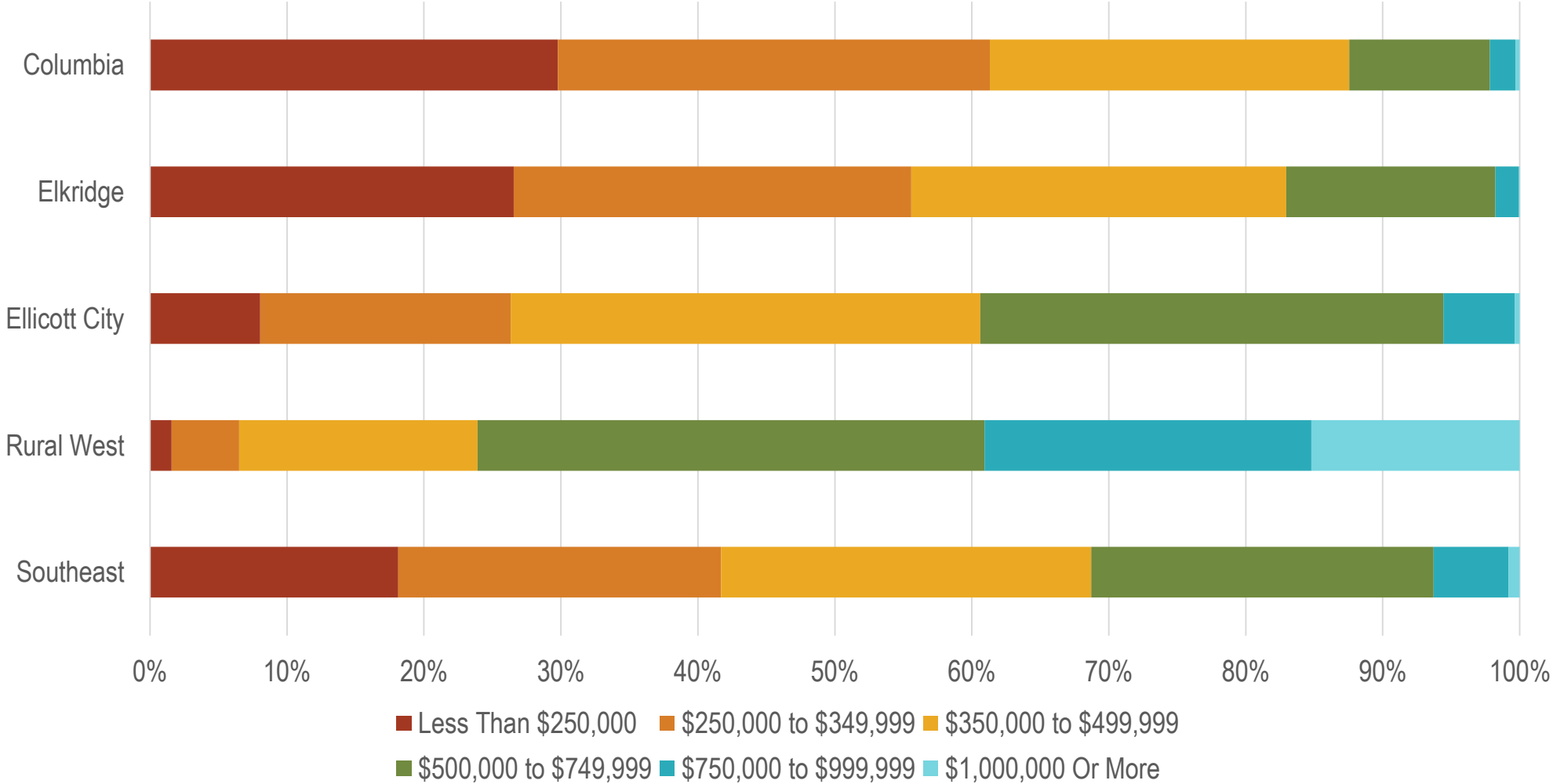
Distribution of Housing Inventory, 2020;
Howard County, MD



SALES PRICE COMPARISON

MANY SALES BELOW \$500K, OUTSIDE OF PRICIER RURAL WEST

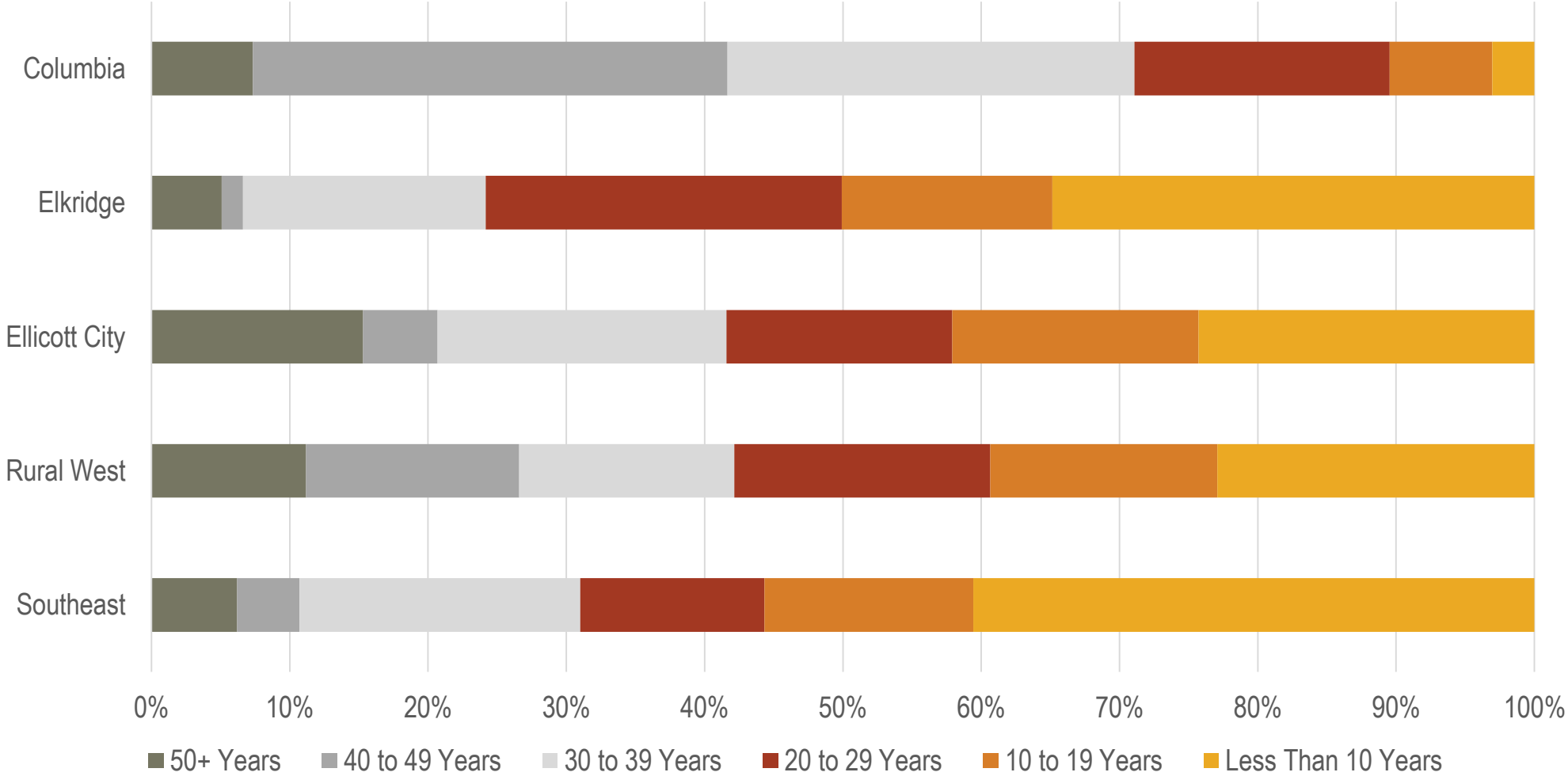
Price Distribution of Homes Sold, 2015-2018;
Howard County, MD



HOUSING AGE COMPARISON

GENERALLY OLDER IN COLUMBIA; NEWER IN OTHER LOCATIONS

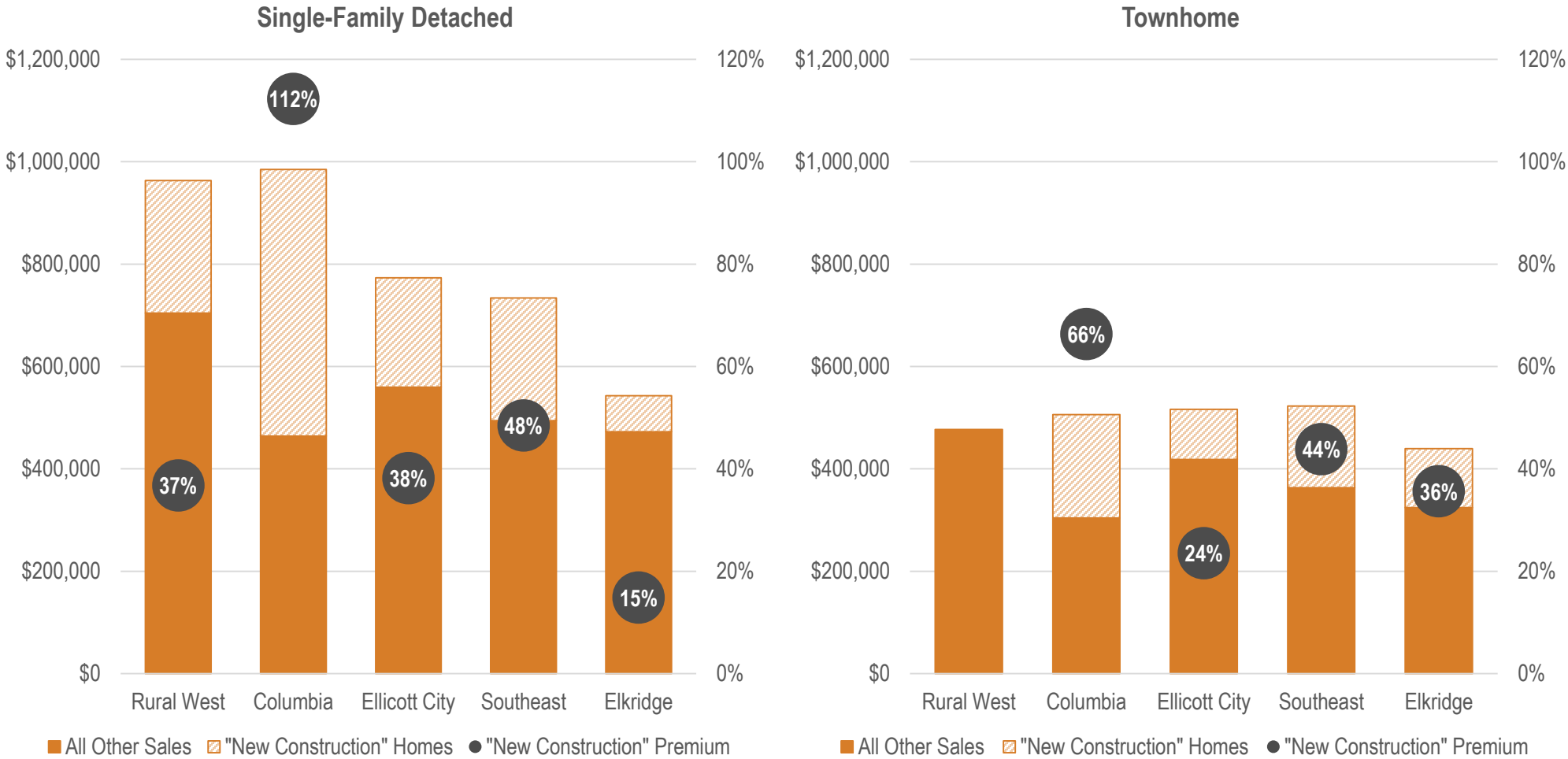
Age Distribution of Homes Sold, 2015-2018;
Howard County, MD



PREMIUM FOR NEW PRODUCT

HIGHEST IN COLUMBIA, LIKELY DUE TO LIMITED SUPPLY

Average Sales Price for "New Construction" and All Other Homes, 2015-2018;
Howard County, MD



Note: "New Construction" is defined as those homes that were built within one year of the year in which they sold
Source: Maryland Department of Planning; RCLCO

SUMMARY

KEY FINDINGS

WHAT WE'VE LEARNED SO FAR

- ▶ The region is growing as new jobs are created, and these jobs are bringing more workers to the area than the amount of new housing that is being built.
- ▶ Howard County is more affluent than its neighbors, and it has more families and middle-aged households. This dynamic is partially created by its housing supply, coupled with the other factors that make the County a desirable place to live, and then reinforced by limited new supply additions.
- ▶ Far fewer people who are employed in Howard County also live there, compared to nearly every other jurisdiction in the Washington-Baltimore region, and there is little variance by income. Howard County has less housing than it needs across all household types and income bands, and it is not building enough to keep up with job growth.
- ▶ Howard County is underbuilding new housing considering the size of its workforce. The County has a lower ratio of housing units to jobs than other nearby jurisdictions, and it requires between 30,000 and 40,000 additional housing units to catch up to these areas.
- ▶ Over the last 10 years, Howard County added an average of 1,125 homes per year, far less than the 2,500 to 3,000 homes it should have added based on employment trends. This difference suggests that Howard County is building half as much housing as it needs to keep up with job growth.

KEY FINDINGS

WHAT WE'VE LEARNED SO FAR

- ▶ Most new housing being built by the market is affordable to households making more than 80% of AMI (rental) and more than 120% of AMI (for-sale).
- ▶ Just 9% of housing in Howard County is affordable to households making less than 60% AMI, and virtually no for-sale homes that have been built in the last two decades are affordable to this group.
- ▶ As such, Howard County has less than its fair share of low- and moderate-income households than other nearby counties.
- ▶ The vast majority of low-income renters are spending more than 30% of their incomes on housing. In Howard County, three-quarters of such “cost-burdened” renters make less than 60% of AMI.
- ▶ Meanwhile, a lack of for-sale housing is contributing to cost burdens at all income levels. In Howard County, the number of owners that spend 30% or more of their incomes on housing is equally split between households making less than 80% of AMI and households making more than 80% of AMI.
- ▶ Today, underserved groups in Howard County include market-rate families, workforce families, seniors, low-income renters, and professionals and other renters-by-choice. In almost all cases, these households require a greater amount and diversity of housing than what exists today.

SWOT ANALYSIS

DRAFT SWOT ANALYSIS

BASED ON RESEARCH TO-DATE

<p style="text-align: center;"><u>STRENGTHS</u></p> <ul style="list-style-type: none"> • The quality of life and services in Howard County is really high for people who already live here • Howard County is experiencing significant employment growth, with much of that growth requiring a skilled or well-educated workforce • Some new communities (e.g. Maple Lawn) have demonstrated that the market can offer a greater amount of missing middle housing • Howard County has a high homeownership rate, even controlling for income • Brand new rental housing is often affordable to households in the 80-120% AMI range, even in the most desirable locations • Rouse’s vision for Columbia means that there is a broader range of housing in Howard County compared to many of its peers • There are already tools in place to help homeowners keep up with the quality of their homes • Howard County is already cognizant of the issues around special needs housing (e.g. people with disabilities), at least more so than other jurisdictions tend to be • Hypothesis – Howard County already has 1,000 units of public housing, though we need to look into quality, expansion, etc. 	<p style="text-align: center;"><u>WEAKNESSES</u></p> <ul style="list-style-type: none"> • Howard County has systematically underbuilt housing • New development today is less diverse than the housing inventory overall. Today, the market is almost exclusively offering very large detached homes and townhomes. • No clear strategy to address infrastructure and public facility capacity issues • Lack of a defined preservation strategy for older rental housing • Far fewer people who work in Howard County live there today compared to other jurisdictions • Because the majority of the Howard Community is high-income, it is easy to overlook its diversity • The way in which Howard County is imagining and planning for future development continues to be rooted in how it has been done in the past (e.g. greenfield development) • The high cost of for-sale housing in Howard County impacts households of all economic segments • Given the lack of public-facing information on affordable housing, developers may not be aware of the tools in place, or the emphasis that Howard County puts on it. • Hypothesis – Lack of focus/strategy and capital for non-public or Section 8/HUD-assisted rental housing
<p style="text-align: center;"><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"> • The market is capable of supplying many of the types and price points of housing that are not being built today, with limited or no subsidies • Redevelopment and infill development are only just beginning to occur in Howard County, meaning there are still many opportunities to shape the way these forms of development occur • Current redevelopment projections are predominately limited to sites with existing plans, and do not fully reflect the amount of land area in Howard County that could support more housing • Housing stock is reaching the point where much of it is nearing the end of its useful life and needs to be recapitalized (e.g. older garden-style opportunities, older single-family homes). When this happens, there could be opportunities to add more density in order to address growth patterns and affordability concerns. • Howard County is reaching a good time to put in place a program in order to help preserve older, “naturally occurring” affordable housing (60 to 80% AMI), as few of these units have been lost already. This preservation strategy should not preclude new housing from being developed. • Prevalence of lower-density housing typologies present opportunities for infill redevelopment and additional density near existing infrastructure. 	<p style="text-align: center;"><u>THREATS</u></p> <ul style="list-style-type: none"> • The makeup of the housing market does not match the diversity of the employment base in Howard County, which may limit its ability to continue to attract workers to fill these important jobs going forward, eventually limiting economic growth. When economic growth slows, it constrains fiscal budgets, leading to increases in taxes and/or reductions in services • Much of the housing inventory in Howard County is older, and it continues to grow increasingly dated • Existing resources are not sufficient to meet current and future capacity and demands (schools, transportation, etc.) • The APFO is accelerating capacity issues by cutting off the ability of the county to increase its tax base • General resistance to new development in Howard County • There continue to be issues with special needs housing, with significant needs going forward, and this does not even consider the fact that many caregivers likely have trouble affording housing nearby • The combination of high land values and current policies make it challenging to maintain the affordability of housing when redeveloping it (e.g. “McMansion-ization,” as opposed to densification) • When coupled with entitlement constraints, unmet demand for high-end homes crowds out opportunities to serve the middle of the market • Hypothesis – Bias towards homeownership, lower density residential forms

DRAFT SWOT ANALYSIS

GROUP DISCUSSION

<p><u>STRENGTHS</u></p>	<p><u>WEAKNESSES</u></p>
<p><u>OPPORTUNITIES</u></p>	<p><u>THREATS</u></p>



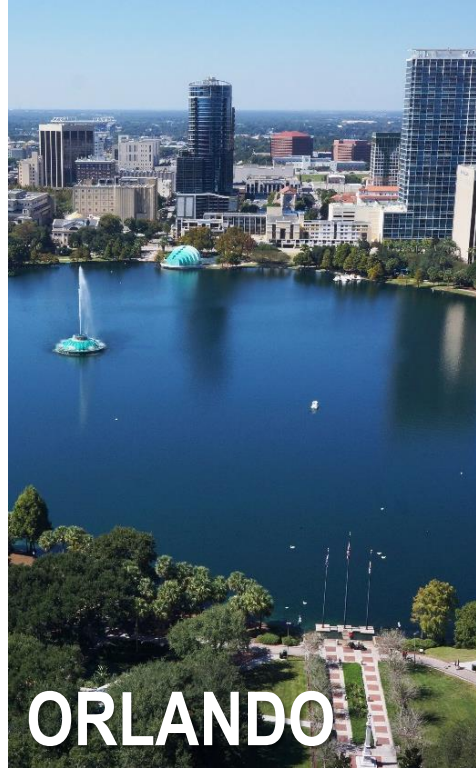
AUSTIN

221 W 6th St
Suite 2030
Austin, TX 78701



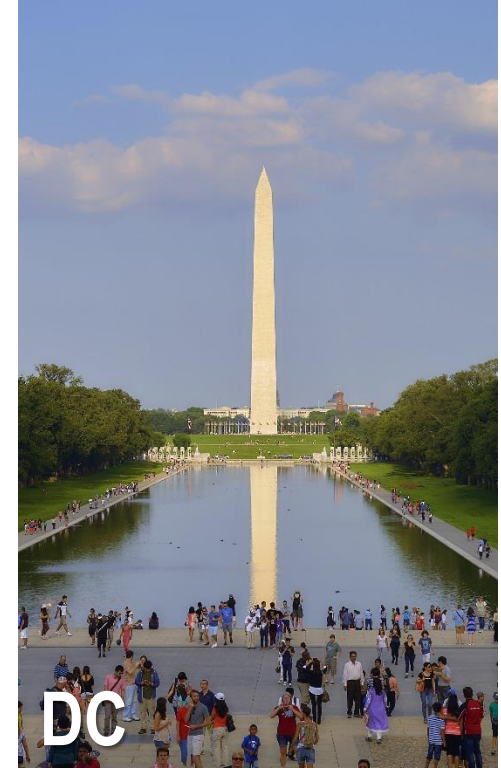
LA

11601 Wilshire Blvd
Suite 1650
Los Angeles, CA 90025



ORLANDO

964 Lake Baldwin Ln
Suite 100
Orlando, FL 32814



DC

7200 Wisconsin Ave
Suite 1110
Bethesda, MD 20814

RCLCO
REAL ESTATE ADVISORS