

HOUSING MARKET ANALYSIS

WASHINGTON COUNTY, MARYLAND.

Prepared For

Washington County

Department of Housing and Community Development

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R P R E C O N O M I C C O N S U L T A N T S

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EXECUTIVE SUMMARY

This Executive Summary reports on the findings of an in-depth study of housing in Washington County, Maryland. Based upon a detailed analysis of the factors affecting existing and projected supply and demand for housing within the County, the study evaluates the ability of the private market to effectively meet the housing needs of existing and future populations. The study concludes with recommendations of actions that the Department of Housing and Community Development and other County agencies can take to help assure that, indeed, these housing needs will be met. The data presented in this study come from a variety of sources, including:

- o The 1980 U.S. Census of Population and Housing, and the preliminary returns from the 1990 census;
- o Estimates by RPR Economic Consultants using secondary data on residential building permits, and annual estimates of population characteristics available from National Decision Systems, Inc.
- o RPR field surveys and evaluations of new home developments and subdivisions, and of major rental projects, both private market rate projects, and public or subsidized rental projects.
- o RPR also analyzed data on residential properties in Washington County from the State of Maryland's Assessment Information Data System.

I. Key Findings: A - Demographics

Estimates of housing need come primarily from data on existing and projected population and households in Washington County. Some key findings of the research are highlighted below:

- o It is estimated that the County had a total population of 121,000 in 1989, with 44,630 households, and an average household size of 2.53. About 8,000 persons (less than 7.0 percent) lived in group quarters (e.g., institutions, nursing homes, college dormitories) rather than in private homes. Intermediate-level growth projections call for 19,000 new households in the County by 2010.
- o The City of Hagerstown exhibits certain differences in its demographic mix from the rest of the County. The City has relatively more young families, more non-family households, and slightly more elderly households than the rest of Washington County. The County outside the City has relatively more households in the child-rearing stages of the life cycle. This pattern of differences is expected to continue.
- o Average real household incomes in Washington County have increased approximately one percent annually since 1980. Many more of the households in Hagerstown have annual incomes below \$15,000 as compared to areas outside of the City. This is directly related to the large number of elderly and non-family households in the City. Households with these income levels typically require some form of subsidized housing.

SUMMARY OF DEMOGRAPHIC CHARACTERISTICS

	<u>Hagerstown</u>	<u>Rest of County</u>	<u>Total</u>
1990 Population	34,200	86,800	121,000
1990 Households	15,560	29,070	44,630
2010 Households	18,840	44,810	63,650

Households by Type (1990)

Elderly	4,000	6,050	10,030
Non-Elderly	11,560	23,020	34,600
Family	9,180	24,070	33,250
Non-Family	6,380	5,000	11,380

Household by Income (1990)

Under \$15,000	5,650	6,020	11,670
Over \$15,000	<u>9,910</u>	<u>23,050</u>	<u>32,960</u>
Total	15,560	29,070	44,630

B. Housing Demand

Demand for new housing derives from the increase in the number of households expected to reside in Washington County in the future -- approximately 19,000 between now and 2010:

A. New Owner Housing

- o Based on projected future income, as many as 10,500 of the future additional households in the County will be able to comfortably afford to purchase new owner housing.
- o In addition, 4,100 households will be able to afford only more modest priced housing such as mobile homes and moderately priced condominiums, if available:

<u>New Home Owners by Type/Cost of Home</u>	<u>Future New Households</u>
1. New detached/town homes at \$75,000+	10,500
2. Condominium units, if available, at \$60,000-\$75,000	2,400
3. Mobile Homes or moderately priced condos if available at \$40,000-\$60,000;	<u>1,700</u>
Total Future Ownership	14,600
Percent of All Households	77%

- o If the market does not provide the moderately priced housing described in 2 and 3 above, the total new households projected to own their home is reduced to 10,500, 55% of all new households. Currently, the mix of prices and pace of construction for townhomes and single family detached homes in subdivisions does not match the projected demand.

Current prices for townhouses and condominiums are somewhat higher than these projected demand categories and the rate of deliveries of those homes are about half the level needed.

B. Rental Housing and Need for Subsidized Housing

- o Surveys indicate that there are 3,430 households in the County which are currently receiving some sort of rental subsidy: 1,237 are living in public housing, and 2,193 are receiving payments through the Section 8 or FmHA 515 programs. The City of Hagerstown contains 2,770 of these assisted households, while the remainder of the County has 660 assisted households.
- o Competitive market rate projects generally cannot produce new units to rent for under \$300. Therefore, it is safe to say that market rate non-subsidized apartments will be priced at \$300 per month or above. It is estimated that there are currently 7,000 to 9,000 households who cannot pay \$300 per month without paying more than 30 percent of their income for housing (this is considered the maximum most households should be expected to pay). These are primarily households with incomes under \$20,000 per year, the group most likely to need housing subsidies.
- o Based upon this estimated current need for 7,000 to 9,000 subsidized units, the difference between current need and the number of households being assisted by current programs is at least 3,500. Approximately 62 percent of the need in the City of Hagerstown is currently being met as compared to 14 percent in other areas of the County.
- o It is projected that Washington County will have 3,600 new households during the 1990-2010 period that will require some sort of housing subsidy. Population projections reflect that 74 percent of these households

are projected to be outside of the City of Hagerstown.

- o Elderly households will comprise 44 percent of all households requiring subsidies, although as many as 50 to 60 percent of the elderly households may be able to afford suitable housing due to other assets. That would reduce the overall need to 2,800 households, which is still 31 percent greater than the current level of assistance.

	<u>Hagerstown</u>	<u>Rest of County</u>	<u>Total</u>
1990 Renter Households	9,440	8,720	18,160
Requiring Subsidies	4,500	5,800	9,300
Percent Requiring Subsidies	47.7%	66.5%	51.2%
New Renter Household 1990-2010	2,000	4,500	6,500
Requiring Subsidies	940	2,700	3,640
Percent Requiring Subsidies	47.0%	65.9%	59.7%

II. Housing Policy Recommendations

The Comprehensive Plan for Washington County identifies the need for standards, plans, and programs to ensure the provision of adequate housing opportunities at all income levels. The Plan includes specific policy recommendations relative to the provision of low and moderate income housing, but to date, the County has taken few actions which implement these broad housing goals and objectives, especially those targeted to low-income rental housing. Among the recommendations of the Plan to stimulate production of low and moderate income housing that are endorsed here are:

- o use of bonuses, incentives and technical assistance to developers
- o creation of a mobile home park zoning district in growth areas
- o emphasis on scattered site development with diverse income levels
- o affordable unit set-asides in conventional housing projects
- o supplemental County funds for a completely local housing program

- o State support for tax abatements or deferrals for conservation measures
- o modification of codes where possible to facilitate rehabilitation

The County should consider policies and programs which are specifically targeted to very low-income residents. Several alternative policy guidelines include the following:

- o Continue efforts to adopt a moderately priced dwelling unit (MPDU) ordinance requiring developers of large projects to designate a certain percentage of their units for low and moderate income households.
- o Alternatively, develop a public housing impact fee system on the same basic principal as the MPDU ordinance which would require developers to make contributions to a public housing fund to be administered by the County Housing Authority at scattered locations throughout the County.
- o Consider abolishing fees for sewer and water hook-ups and other associated development fees for developments that would agree to designate their units for inclusion in Section 8 subsidy programs.
- o Establish a mobile home park zoning district which would permit the development of rental mobile home parks at a density of eight to 10 dwelling units per acre, with standards to ensure that these districts are compatible with surrounding development.
- o Designate areas on the comprehensive plan and zoning maps that would be suitable sites for public housing and multiple family development. Housing programs which call for the development of high density housing in scattered sites will be unsuccessful if there are inadequate sites available for this type of development.
- o The County should consider expanding the implementation of several rental housing programs being administered by the Maryland Department of Housing and Community Development.
- o Because the majority of these programs are competitive and have funding levels that vary from year to year, none can be counted on to completely solve Washington County's existing or projected need for low-income housing. Instead, they should be used in conjunction

- with existing programs, such as Section 8 and FmHA 525. None will eliminate the need for county funds.
- o The County should place high priority on programs which will provide new construction of units for households with incomes under \$8,000 for which there is great need. Such programs would include the Multi-family Bond Program, Rental Housing Production Program, and Elderly Rental Housing Program.
 - o Although priority should be placed on new construction programs, the County should promote the rehabilitation of existing properties in order to minimize the need for replacement units in the future.

III. An Integrated Housing Information System

Critical to the implementation of successful, comprehensive housing program for Washington County will be the development of an Integrated Housing Information System (IHIS) for tracking housing conditions and development trends. It is proposed that such a system be developed from the Assessment Information Data System (AIDS) file provided to the County biannually by the Maryland Department of Assessments and Taxation, coupled with data currently collected by the County on rezonings, subdivision approvals, and building permits. These can be combined with geo-coded demographic data from the census to produce reports such as housing inventory reports, construction activity reports, and annual demographic estimates and projections.

Careful analysis of the assessments file revealed that housing condition and other data critical for an IHIS and for housing market analysis were found to be missing from the AIDS file. Thus, at this point the critical need is to initiate efforts immediately to secure improved data from the State, and to coordinate data needs with other departments in County Government. Specific hardware and software requirements are recommended in this study.