STRONG COMMUNITIES, STRONG REGION
THE BALTIMORE REGIONAL HOUSING PLAN
AND FAIR HOUSING EQUITY ASSESSMENT

NOVEMBER 2014
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A region needs many things to be successful – a strong economy that provides jobs for its residents, high quality educational institutions to prepare people for jobs and civic life, transportation infrastructure to move people and goods from place to place. Enmeshed in all these elements are communities where families can live, develop and thrive. The true measure of a region’s strength literally begins at home.

Our region will not reach its potential if we fail to meet the needs of our cities, towns and neighborhoods. Safe, attractive communities served by high quality schools are critical to attracting and retaining businesses. A growing body of evidence shows that those same elements are essential ingredients for children to develop and be successful participants in and assets to the local economy.

This regional housing plan analyzes our region’s housing market – noting areas of both strength and weakness – and the housing needs of the people who live here. It discusses how communities in our region tend to correlate with the economic success of individuals and families. Through the Fair Housing Equity Assessment framework designed by our funder – the U.S. Department of Housing and Urban Development – the plan looks carefully at our history of development, our growing racial and ethnic diversity, new residential patterns that reflect that diversity as well as persistent patterns of racial separation and their implications for our economic competitiveness.

Finally, this plan makes recommendations designed to positively impact housing submarkets and communities in our region. All of these recommendations point to the crucial regional goal of creating healthy communities that provide opportunity for everyone to contribute positively to the regional economy. We would like to thank the region’s local and state agencies, non-profit organizations, and consultant who contributed to this report, and we look forward to seeing its recommendations lead to a regional economy that continues to grow stronger for everyone.

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The Opportunity Collaborative is a coalition of local governments, state agencies and nonprofit organizations in the Baltimore region. This unique partnership was formed in 2012 to develop a Regional Plan for Sustainable Development. Consortium members include the organizations listed to the right:

- The City of Annapolis
- Anne Arundel County
- Annie E. Casey Foundation
- Associated Black Charities
- Baltimore City
- Baltimore County
- Baltimore Integration Partnership
- Baltimore Metropolitan Council
- Baltimore Neighborhoods, Inc.
- Baltimore Regional initiative Developing Genuine Equality (BRIDGE)
- Baltimore Regional Transportation Board
- Baltimore Workforce Funders Collaborative
- Central Maryland Transportation Alliance
- Citizens Planning & Housing Association, Inc.
- Community Development Network of Maryland
- The Coordinating Center
- Enterprise Community Partners
- Greater Baltimore Committee
- Innovative Housing Institute
- Harford County
- Housing Commission of Anne Arundel County
- Howard County
- Maryland Affordable Housing Coalition
- Maryland Department of Disabilities
- Maryland Department of Housing and Community Development
- Maryland Department of Planning
- Maryland Department of Transportation
- Morgan State University
- University of Maryland National Center for Smart Growth
- 1,000 Friends of Maryland

The Opportunity Collaborative is funded by a Sustainable Communities Regional Planning Grant from the U.S. Department of Housing and Urban Development. The work of the Collaborative is coordinated and staffed by the Baltimore Metropolitan Council.

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The Baltimore Metropolitan Council (BMC) is committed to identifying regional interests and developing collaborative strategies, plans and programs which will improve the quality of life and economic vitality throughout the region. The BMC board of directors is composed of the mayor of Baltimore, the executives of Anne Arundel, Baltimore, Harford and Howard counties, a member of the Carroll County Board of Commissioners, a member of the Maryland House of Delegates, a member of the Maryland State Senate and a gubernatorial appointee from the private sector.
ACKNOWLEDGEMENTS

Strong Communities, Strong Region, in the spirit of the Opportunity Collaborative, was created through an effort that drew on the capabilities and experience of a diverse group of housing experts, local and state government officials, non-governmental organizations and civic and religious leaders.

With the guidance of the Baltimore Metropolitan Council and under the leadership of the Innovative Housing Institute, three organizations carried out much of the research that underpins the Plan: BAE Urban Economics; the Jacob France Institute at the Merrick School of Business, University of Baltimore; and the Housing Strategies Group of the National Center for Smart Growth at the University of Maryland.

BAE Urban Economics’ Nancy Fox conducted the research that documented the supply and demand for rental housing in the region; the supply and location of assisted housing, and the relationship of that supply to housing need. Ms. Fox also took on the challenge of integrating the broad sweep of research into a coherent plan and melding the findings into actionable plan recommendations. The plan went through many rounds of critical review and additional input, and BAE was essential to the digestion and presentation of those ideas in the plan document.

The Jacob France Institute’s Seema Iyer led the demographic, economic, and submarket housing research team at JFI which provided critical insights into the people of the Baltimore region and the character of the places where they live and work. This research, which delves deeply into the market realities and assets of the different parts of the metropolitan area, informs the recommendations of the plan and defines the areas where the strategies will help link people with opportunity.

Finally, the staff of the Baltimore Metropolitan Council, principally Dan Pontious, Mike Kelly, Austin Williams and Lyn Farrow Collins, provided enormous contributions to this work. Mike Kelly provided overall guidance to the Opportunity Collaborative and contractual management of this report. Dan Pontious made major contributions by helping elicit and tell the “story” that emerged from the findings. Austin Williams worked with Mr. Pontious to prepare maps that integrate our findings to define geographic areas that relate to strategic recommendations. Mr. Pontious also acted as chair to the Housing Committee and helped work through and interpret the issues and occasional disagreements as plan consideration unfolded. Lyn Farrow Collins oversaw the outreach for the Opportunity Collaborative and worked with Mr. Pontious and Mr. Kelly to ensure the outreach was incorporated into the Regional Housing Plan.

The Innovative Housing Institute greatly appreciates all of the work of this superb set of collaborators and contributors. Collectively, we have been at work on this since the Opportunity Collaborative consortium was convened in the spring of 2012. Work in earnest on the Regional Housing Plan started in April of 2013 and has continued until now. This collaboration has been remarkable for the spirit of generosity and effort afforded by all parties to the plan, as well as openness to new directions and willingness to compromise. The plan’s success, of course, will depend on that continued spirit of cooperation, for which this effort has built a strong foundation.

Patrick Maier
Innovative Housing Institute, October 2014
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EXECUTIVE SUMMARY

In 2012 a new consortium of local governments, state agencies, universities, and nonprofit organizations, working through the Baltimore Metropolitan Council, received a $3.5 million Sustainable Communities planning grant from the U.S. Department of Housing and Urban Development (HUD). Taking the name “The Opportunity Collaborative,” the consortium began the process of tackling the disparities that hold our region’s economy and human potential back. While the Workforce Development Committee embarked on identifying good jobs in the region and the population’s readiness for them, the Housing Committee took on the impact of communities and homes, creating this document: Strong Communities, Strong Region: The Baltimore Regional Housing Plan and Fair Housing Equity Assessment (FHEA). The FHEA, required of grantees by HUD, follows the 2012 Regional Analysis of Impediments to Fair Housing Choice (AI), completed by area local governments as part of fulfilling their duties under the 1968 Fair Housing Act. Ultimately this plan will be coordinated with a Regional Workforce Development Plan and the region’s Long-Range Transportation Plan to create a Regional Plan for Sustainable Development in early 2015.

A GROWING REGION WITH GROWING DIVERSITY

The region as a whole has been steadily growing for decades. As it has grown, the region has become more racially and ethnically diverse. The region continues to suffer, however, from patterns of segregation first established in some cases more than a century ago. Those patterns are tied closely to opportunity, as shown in Chapter 5, and to historic wealth disparities, which were often supported by public policy. These patterns continue to weaken our region’s economy.
Despite persistently high levels of segregation in the Baltimore area, some parts of the region do reflect its overall diversity. Figure 1 shows areas in the region – predominantly in the suburbs – that draw and currently retain substantial numbers of both white and black residents. These areas include much of Columbia; western Anne Arundel County; northwest, northern, and northeast Baltimore County; Downtown Baltimore; and the Route 40 corridor in Harford County. Often these areas are on the fringes of historic racial change, meaning that the resources of white residents, who have higher average wealth than residents of color, are still invested in them. Sometimes they include Hispanic and Asian residents in higher than average numbers, making them more “global neighborhoods.” This plan asserts that these diverse areas are valuable parts of our region, with private investment and access to opportunity that is in need of preservation. This preservation would yield important models of successful diversity and access to opportunity for the region and would help halt the harmful patterns of racial change and re-segregation that have weakened our region.

UNEVEN GROWTH AND INCOME DISPARITIES

While the region has been growing, that growth has not been even, either geographically or in terms of income. As shown in Chapter 2, the region continues to grow at its edges, outpacing continued population loss at the core.

As the Baltimore region’s economy recovers, many of the new jobs are high paying ones in health care, defense, and technology, requiring college degrees and resulting in our region’s overall prosperity. Greatly reduced, however, are living wage jobs, such as in manufacturing, attainable with only a high school education. Replacing them are often relatively low-paying jobs in the service sector, leading to wealth disparities in the region and affordable housing needs. Table 1 below, drawing on data in Chapters 2 and 6, shows income levels and associated “severe housing cost burdens” for renters – those paying more than half their income for housing.

Based on Table 1 above, we calculate there is an unmet need for affordable housing for about 70,000 households in the region, especially our lowest income residents. Using such a significant housing cost burden may well underestimate the true need. An analysis of need prorated for people with disabilities indicates a need for 14,000 households, again focused on people with extremely low incomes, such as those relying on disability benefits.

![Table 1: Severely Cost Burdened Households](image-url)
Chapter 4 describes trends in poverty and racial concentration, including racially/ethnically concentrated areas of poverty (RCAPs/ECAPs). RCAPs/ECAPs are census tracts within the Baltimore region where minorities constitute the majority of the population and poverty rates are at least three times the census tract average of 11.7 percent, or 35.1 percent in 2010. Twenty-six census tracts fall into this category, and all are located within the City of Baltimore. More than 87 percent of people residing in RCAPs/ECAPs are African American – nearly 53,000 people in 2010, or about 7 percent of the African American population of the region.

Another map in Chapter 4 shows how persistent segregation, particularly for African Americans, correlates with the high foreclosure rates that followed subprime loans and weakened both families and communities over the past several years. In 2008 the City of Baltimore filed a lawsuit against Wells Fargo for discrimination in targeting the subprime loans that often resulted in foreclosure. That lawsuit was ultimately resolved along with a $175 million national settlement in 2012. While Wells Fargo did not admit wrongdoing, the City did receive $7.5 million for down payment assistance, homeownership preservation, and legal costs. Additional funds from the national settlement compensated individual Baltimore victims of subprime loans who qualified for prime loans.

Opportunity mapping grows out of the idea that where one lives heavily influences one’s social, economic, and health prospects. Chapter 5 describes how the Opportunity Collaborative used a range of indicators around education, housing and neighborhood quality, employment, public health & safety, and transportation to rank the region’s census tracts in “quintiles” (each one-fifth of the region) from highest opportunity to lowest opportunity.

Chapter 6 then compares the region’s existing subsidized housing and planned, primarily market-rate multifamily development to the opportunity map. It finds that about 60 percent of subsidized units are located in the lowest two opportunity quintiles, and only about 20 percent are in the highest two opportunity quintiles. The pattern of planned multifamily development shows the opposite pattern, with about 60 percent of units located in the top two opportunity quintiles and only about 20 percent located in the bottom two quintiles. As a result, this plan suggests additional inclusionary zoning and other strategies to leverage market momentum to create housing affordability in high opportunity areas. Such strategies would affirmatively further fair housing in addition to creating needed affordable units.
PRIORITY OBJECTIVES AND RECOMMENDED STRATEGIES

Given the trends and dynamics identified in our analysis, the following represent the key ways the Regional Housing Plan and Fair Housing Equity Assessment (FHEA) propose to strengthen our communities and enhance opportunity for the residents of our region. Maps included in Chapter 7 describe geographic focus areas for the first four objectives below:

- **Objective 1: Address Unmet Housing Needs** (for 70,000 low-income households, including 14,000 that include a person with an ambulatory impairment) in a way that increases opportunity and furthers fair housing, through local inclusionary zoning, providing affordable/accessible housing at transit-oriented development sites and on surplus public land, creating housing funds, enforcing fair housing laws, coordinating among public housing agencies, and prohibiting discrimination based on the home-seeker’s source of income.

- **Objective 2: Sustain the Region’s Diverse Communities**, by promoting cross-cultural competency, marketing and celebrating diverse neighborhoods, maintaining/creating quality infrastructure, preventing foreclosures, and piloting the type of intentional integration strategy that has been successful in Oak Park, Illinois for more than 40 years.

- **Objective 3: Bolster Vulnerable Communities**, through promoting homeownership and preventing foreclosure, preserving and revitalizing existing affordable housing, maintaining/creating quality infrastructure, convening local housing and school officials (given key role of schools in neighborhood attractiveness), strengthen partner neighborhood-based organizations, and coordinate state and local revitalization efforts.

- **Objective 4: Boost Opportunity for People in the Highly Challenged Markets**, through transformative investments that leverage the private market, assisting families who wish to move to higher opportunity areas, developing interim plans for areas waiting for transformative investment, maintaining/creating quality infrastructure in coordination with redevelopment and targeted investment areas, and leveraging transit investments, such as the Red Line.

- **Objective 5: Connect Housing Efforts to Transportation and Workforce Development**, by improving transit service to job centers, supporting alternative transportation efforts, maximizing asset-building efforts for people living in subsidized housing, and including affordable housing near transit-oriented development.

- **Objective 6: Support Plan Implementation**, through continued convening of the Housing Committee, maintaining staff infrastructure at the Baltimore Metropolitan Council to facilitate the Committee and implementation of the plan, integrating Regional Housing Plan elements into existing State and local plans, developing metrics to track progress, and continuing to integrate housing with workforce development and transportation.
Strong Communities, Strong Region is a project of the Opportunity Collaborative. The Opportunity Collaborative is a consortium of more than two dozen governmental entities, universities, local philanthropies, advocacy organizations, and the Baltimore Metropolitan Council (BMC) formed to jointly plan for the region’s future. The Opportunity Collaborative is charged with creating a Regional Plan for Sustainable Development for Baltimore. This plan will set a course of action that uses the interactions between housing, transportation, and workforce investments to build economic prosperity and opportunity. The Opportunity Collaborative seeks to connect the region’s residents with a prosperous, sustainable future by reducing economic disparities within the region.

The purpose of the Regional Housing Plan is to study the region’s housing market and its household characteristics in order to recommend policies and strategies that improve housing conditions and neighborhood vitality, and address present and future housing needs. The Regional Housing Plan embraces goals of affordable and equitable housing development, strengthening of existing communities, and promoting the value of neighborhoods. These goals are embedded in the Livability Principles adopted by the Partnership for Sustainable Communities, the partnership between the U.S. Department of Housing and Urban Development (HUD), the U.S. Environmental Protection Agency, and the U.S. Department of Transportation (DOT), that funds the Regional Plan for Sustainable Development.

The Regional Housing Plan also includes the Fair Housing Equity Assessment (FHEA), which provides analysis of the region’s demographic, economic, housing market and segregation trends. The FHEA elements within this document build on the region-wide Analysis of Impediments to Fair Housing (AI) process completed in 2012, which included a Regional Section as well as a separate local section for each of the five participating jurisdictions (Baltimore City and Anne Arundel, Baltimore, Harford, and Anne Arundel Counties). The Regional Housing Plan also relies heavily on the Opportunity Mapping project, a spatial analysis of indicators of opportunity across the region, to identify the relationships between the intra-regional pattern of racial segregation and poverty and neighborhood-level opportunities.

The process of developing the Regional Housing Plan and Fair Housing Equity Assessment has been a fundamental building block in advancing a regional approach to addressing housing needs, housing equity, and its impact on our region’s competitiveness. The convening of the Housing Committee, comprised of housing advocates, practitioners, and local and state government staff from across the diverse Baltimore region, drew a variety of perspectives that informed the plan’s development. Through regular meetings, the Housing Committee members reviewed data analyses, discussed the implications of the housing assessment, and agreed to specific policy objectives and the course of action outlined in this document. Subgroups within the committee addressed various aspects of the implementation of the Regional Fair Housing Action Plan, building from the policy recommendations of the regional Analysis of Impediments to Fair Housing.

The Housing Committee and staff of the Baltimore Metropolitan Council (BMC) also received input from key constituencies and the general public at important times during the development of Strong Communities, Strong Region. The Citizens Planning and Housing Association, along with several partners, led outreach to the general public and to historically underrepresented communities. The Community Development Network of Maryland (CDN) helped the Opportunity Collaborative reach out to nonprofit community development organizations in the Baltimore region four times, gathering feedback and helping the recommendations be clearer and more geographically targeted. BMC staff also consulted other housing stakeholders, such as the Maryland Affordable Housing Coalition’s Development Committee and the Anne Arundel Affordable Housing Coalition, and briefed the local HUD Baltimore field office and Maryland Congressional staff.
In addition to the targeted outreach above, the Collaborative held two stakeholder sessions – July 29 and September 22, 2014 – for general feedback on the Regional Housing Plan/FHEA. 37 people from various walks of life – real estate, philanthropy, local government, advocacy organizations, and community leaders – attended these sessions. Baltimore Neighborhoods, Inc. assisted with outreach to these sessions and to local government, nonprofit, and civic constituencies. Two early drafts of the Regional Housing Plan/FHEA posted on the Opportunity Collaborative web site resulted in feedback that way as well. Input from the July stakeholder session and the posted June draft informed the new draft posted in August. And then feedback from the September session influenced the final plan.

In addition to these Housing Plan/FHEA-specific stakeholder sessions, BMC staff and members of the consultant team and Housing Committee led one of the three rotating break-out sessions at the September 6 Opportunity Collaborative Summit attended by more than 160 people. Contributions from this event, too, influenced the recommendations in this final document.

Finally, BMC staff also solicited feedback from local and state government agencies and administrators and consulted the Housing Committee via email and at its September meeting for final feedback before the approval of the Steering Committee.

THE REGION

The report considers the Baltimore region to be Baltimore City and its five surrounding counties: Anne Arundel, Baltimore, Carroll, Harford and Howard. Each is a member of the Baltimore Metropolitan Council. See Figure 2. This area is referred to as the Baltimore Region or simply the Region, throughout this plan.

FIGURE 2 BALTIMORE REGION BY REGIONAL PLANNING DISTRICT (RPD)

Differences among smaller geographic areas of the region -- demographic trends, housing supply, and neighborhood conditions -- were analyzed primarily at the census tract level. Regional Planning Districts (RPDs) were established by the BMC in 1970 for the purposes of sub-county planning and analysis. They are aggregations of census tracts that correspond to distinct places or communities within each county. Figure 2 depicts RPDs as of the 2010 Census, showing their relationship to county and census tract geographies. The presentation of sub-county data by RPD within this Plan enables various regional stakeholders to more easily interpret and connect with the data.
CHAPTER 2: A GROWING, DIVERSE REGION, BUT WITH WIDE DISPARITIES

INVESTMENT, SPENDING & JOBS HAVE FOLLOWED POPULATION GROWTH OUTWARD, LEAVING OLDER COMMUNITIES AT THE CORE VULNERABLE & WEAKENING THE ENTIRE REGION.

FIGURE 3 HOUSEHOLD GROWTH
POPULATION GROWTH TRENDS

The region as a whole has been steadily growing. From 1950 to 2010, the region grew from 1.46 million to 2.66 million residents, an increase of nearly 83 percent. The growth was not shared across the region, though. Dramatic growth in suburban jurisdictions more than offset Baltimore City’s steep population decline. Baltimore County became the region’s largest jurisdiction in 2000, growing from 270,000 residents in 1950 to 805,000 residents in 2010. Howard County grew from about 23,000 residents in 1950 to a population of over 287,000 in 2010, the fastest rate of growth in the region (over 1,100 percent).

The region was home to about 1.02 million households as of the 2010 Census, as shown in Figure 3 (opposite page). Growing from about 623,000 in 1970, the region’s pattern of household growth followed a similar trajectory as population growth.

FIGURE 4 REGIONAL POPULATION GROWTH: 2000-2010

RECENT GROWTH AT THE FRINGE

Figure 4 above shows where the region’s population growth occurred between 2000 and 2010. The region continues to grow at its edges, a sharp contrast to the heavy population loss at the region’s core. Investment, spending and jobs have followed population growth outward, leaving older communities at the core vulnerable to worsening economic and market conditions and weakening the entire region.
Figure 5 demonstrates how the region’s outward expansion relates to commute times, by mapping the percent of commuters who travel over 45 minutes to work. As households move to the edges of the region, they need to commute further to jobs located closer to the center, or they choose long commutes outside the region to other employment centers. At the same time, job growth further from the region’s core leaves many commuters in Baltimore City with long or impractical commutes due to low car ownership rates and lack of strong public transportation options. Both dynamics leave our region’s economy weaker than it could be.

1 The U.S. Census allows people to define themselves by race as well as Hispanic origin. White, African-American and Asian residents in this count include those of non-Hispanic origin, and residents of each race who also identified themselves as Hispanic were counted as Hispanic.


GROWING DIVERSITY

As it has grown, the region has become more racially and ethnically diverse. In 2010, about 60 percent of the region’s residents identified themselves as white, 30 percent of the region’s population identified themselves as African American, and residents identifying themselves as Asian and Hispanic each comprised about five percent of the region’s population. The region’s net population growth between 2000 and 2010 was comprised of persons of color. The white population declined by over four percent during this decade, while the number of African Americans in the region grew by 11.5 percent. While still a small share of the total population, Asian and Hispanic residents have shown high levels of growth from 2000 and 2010: a 79 percent and 139 percent growth rate for Asians and Hispanics, respectively, in that decade.

Increased diversity has not brought widespread and lasting residential integration, as Chapter 4 will describe. Many parts of our region remain either overwhelmingly white or overwhelmingly African American. Some parts of the region, however, do roughly mirror our region’s 30%-60% black-white composition. Figure 7 (pg.18) shades these census tracts in blue.

THE REGION’S NET POPULATION GROWTH BETWEEN 2000 & 2010 WAS COMPRISED OF PERSONS OF COLOR.

Often these areas are on the fringes of historic racial change, where predominantly white areas have become integrated and then re-segregated to primarily African American. Re-segregation has resulted when areas with increased African American population lose housing demand from the region’s majority white population and its disproportionate economic resources. Neighborhood racial composition preference surveys have found a lower comfort level with substantially integrated neighborhoods among whites than among people of color, although recent studies also find that discomfort easing somewhat over time and with greater exposure of whites to people of color. The typical historic dynamic, however, leaves a weaker housing market in re-segregated areas and tends to lead to higher levels of disinvestment.

Our region’s diverse areas, where this withdrawal of white wealth has not (yet) happened, are chances to preserve investment in the community from all of our region’s populations and to continue to offer opportunity to all. This preservation would yield important models of successful diversity for the region – helping to prepare people for our diverse economy – and would help halt the harmful patterns of racial change and re-segregation that have weakened our metropolitan area.
In addition to this black-white diversity, patterns of Hispanic and Asian concentration are displayed in Figure 5 with green and red diagonal lines, respectively. When present over the blue “black-white diverse” areas, this shows the appeal that certain neighborhoods of the region have across racial and ethnic lines making them more “global neighborhoods.”

**ECONOMIC RECOVERY**

The region’s economy is in recovery from the Great Recession of the latter part of the last decade. The total number of employed residents in the region has risen to 1.35 million in 2012 from 1.32 million in 2008. The 1.5 percent increase outpaced employment growth statewide by 0.6 percent. The Baltimore Region accounts for nearly half of the state’s employment and population.

**ECONOMIC DISPARITIES**

Many of the region’s new jobs are high paying. These occupations are in health care, defense, and technology and require college degrees. Greatly reduced, however, are the types of living wage jobs, such as in manufacturing, attainable with only a high school education. In their absence the working class has taken low-paying jobs in the service sector, leading to wealth disparities in the region and increased affordable housing needs. Table 2 (opposite page) explains how household income levels are categorized based on the region’s median family income.
How Affordability Relates to Household Incomes

Housing is generally considered affordable if a household is paying 30 percent or less of gross income on housing costs. Rental housing affordability is evaluated by the extent to which units are available to households at the lower end of household incomes. Within the Baltimore region, a baseline calculated from the median income for families is used to define the range of household incomes in the region. At $85,600 for a family of four in 2013, Area Median Family Income (MFI) is adjusted for household size and is used as a benchmark that determines households and neighborhoods where affordable housing and community development funds are often targeted. Households below 80 percent MFI are often targeted for assistance by HUD, as well as statewide and local assistance programs, as Low Income households. Households below 50 percent MFI are often described as Very Low Income households, and below 30 percent MFI as Extremely Low Income household. The table below gives examples of typical households that could likely fall into each of these income categories, based on the level of income typically earned by workers in the state in various low and mid-wage occupations.

Examples of Households Below the Area Median Family Income (MFI)

Extremely Low Income: Under 30% MFI:
Income benchmark for four-person household: under $26,000 | Single person on disability ($8,500 household income) | Food prep worker with two dependents ($22,900 household income) | Retail salesperson with three dependents ($24,900 household income)

Very Low Income: 30-50% MFI
Income benchmark for four-person household: $26,000 to $43,000 | Single teacher’s assistant ($28,700 household income) | Substitute teacher with two dependents ($35,000 household income) | Cashier and carpenter’s helper with three dependents ($45,600 household income)

Low Income: 50-80% of MFI
Income benchmark for four-person household: $43,000 to $68,000 | Single massage therapist ($39,070 household income) | Home health aide and janitor, no dependents ($48,770 household income) | Firefighter with two dependents ($57,320 household income)

Note: based on average income in Maryland for specified occupation, from May 2012 Occupational Employment and Wage Estimates. Sources: Social Security Administration; U.S. Department of Labor, Bureau of Labor Statistics

Table 2 Household Incomes in the Baltimore Region

More than a quarter of the region’s renter households earn less than 30 percent of the median family income (MFI), or $26,000 for a family of four.

Figure 8 shows how the region’s 344,000 renter and 677,000 owner households fit into the MFI ranges in Table 2, using a special tabulation of American Community Survey data, the Comprehensive Housing Affordability Strategy (CHAS) dataset. While more than 60 percent of households in the region have “Moderate Income and Higher” (above 80 percent MFI) overall, there is a wide disparity between homeowners and renters. While only 26 percent of homeowner households are “Low Income” (80 percent MFI or below), more than 60 percent of the region’s renter households are. More than a quarter of the region’s renter households earn less than 30 percent of MFI and another 17 percent earn between 30 and 50 percent of MFI.
CHAPTER 3: AN UNEVEN HOUSING MARKET

The 2010 decennial census reported over 1.11 million housing units in the region. Of the 1.02 million units that were occupied, about a third were renter occupied and two thirds were owner occupied. The remaining 91,000 units (eight percent of all units) were vacant, and offered for sale, for rent, used seasonally, or for other uses. Figure 9 provides a snapshot of the region’s overall owner and renter patterns for different housing types. Multifamily units are predominantly rentals, and single family units and mobile homes are more likely to be owner occupied, but each type includes both owners and renters.

Many parts of Baltimore City represent a significant gap in the region’s for-sale housing market, with demand not currently strong enough to support the investment needed to rehabilitate older, deteriorated housing stock.
A RECOVERING FOR-SALE HOUSING MARKET, EXCEPT IN AREAS OF CONCENTRATED POVERTY

Table 3 shows the recent trend in housing sales for the region and each of its jurisdictions. After sharp declines in median sales price between 2008 and 2009, median sales values continued to decline for the region overall and in several of its jurisdictions, until they began to rise again in 2012. Median housing values in 2012 were still lower in the region and in each of its jurisdictions than in 2008. While this may mean a decline in existing wealth associated with land value, it also means that the units are more affordable for households seeking to purchase.

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANNE ARUNDEL</td>
<td>$323,000</td>
<td>$295,000</td>
<td>$295,000</td>
<td>$280,000</td>
<td>$295,000</td>
</tr>
<tr>
<td>BALTIMORE CITY</td>
<td>$155,000</td>
<td>$137,000</td>
<td>$110,000</td>
<td>$80,000</td>
<td>$118,950</td>
</tr>
<tr>
<td>BALTIMORE COUNTY</td>
<td>$244,200</td>
<td>$225,000</td>
<td>$217,500</td>
<td>$196,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>CARROLL</td>
<td>$299,900</td>
<td>$270,000</td>
<td>$264,900</td>
<td>$250,000</td>
<td>$264,000</td>
</tr>
<tr>
<td>HARFORD</td>
<td>$255,500</td>
<td>$237,000</td>
<td>$240,500</td>
<td>$229,000</td>
<td>$228,900</td>
</tr>
<tr>
<td>HOWARD</td>
<td>$375,000</td>
<td>$340,000</td>
<td>$361,000</td>
<td>$356,000</td>
<td>$371,322</td>
</tr>
<tr>
<td>REGION</td>
<td>$261,000</td>
<td>$240,000</td>
<td>$235,000</td>
<td>$220,000</td>
<td>$230,000</td>
</tr>
</tbody>
</table>

Table 4 shows recent active listings in the Baltimore region. Over the four quarters shown, (October 2012 – September 2013), most jurisdictions in the region had a “balanced market” for home sales, which means there is approximately four to six months’ worth of sales inventory for prospective buyers. The two exceptions are Howard County and Baltimore City. The former is a “sellers’ market” meaning there is less than a four month’s supply of sales inventory while the other is a “buyer’s market” and has more than a six month’s inventory. Baltimore City also has the largest inventory on the market under $200,000 as well as a high proportion of attached housing.

There is a significant gap in the for-sale housing market in Baltimore City. Many of the attached homes on the market under $50,000 in Baltimore are uninhabitable without significant rehabilitation, and the demand for homes in many of these areas is not sufficient to satisfy the investment needed. As a result, thousands of abandoned homes are not on the market. Some areas have no functioning for-sale market to speak of. Later this chapter describes this “stressed” submarket and the next chapter describes the history of these now “racially concentrated areas of poverty.”
In Baltimore County, the housing prices for detached and attached homes predominantly range from $100,000 to $300,000. With much more robust housing markets, the bulk of housing listed in Anne Arundel, Carroll and Harford counties begin at higher price points, $200,000 to $600,000. There are very few homes listed for sale in Howard County under $300,000.

A RENTAL HOUSING MARKET THAT DOESN’T WORK FOR ALL

Rental housing and multifamily housing can be a more affordable option than ownership. Rental offers options for households without sufficient income and assets to purchase a home. Between 2000 and 2010, the percentage of renter households did not significantly change for the region overall. Over that decade, the net new number of single family units in the region slightly outpaced new multifamily construction, although the rate of growth for single family units, determined by the number of building permits issued, declined dramatically as the decade progressed.

<table>
<thead>
<tr>
<th></th>
<th>ANNE ARUNDEL</th>
<th>BALTIMORE CITY</th>
<th>BALTIMORE COUNTY</th>
<th>HARFORD</th>
<th>HOWARD</th>
<th>REGION</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL UNITS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROPERTY CLASS A</td>
<td>12,533</td>
<td>15,736</td>
<td>15,301</td>
<td>1,642</td>
<td>11,375</td>
<td>56,587</td>
</tr>
<tr>
<td>PROPERTY CLASS BC</td>
<td>8,118</td>
<td>48,568</td>
<td>20,580</td>
<td>3,821</td>
<td>5,510</td>
<td>86,577</td>
</tr>
<tr>
<td>ALL PROPERTIES</td>
<td>20,651</td>
<td>64,304</td>
<td>35,861</td>
<td>5,463</td>
<td>16,885</td>
<td>143,164</td>
</tr>
<tr>
<td>VACANCY RATE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROPERTY CLASS A</td>
<td>6.6%</td>
<td>5.6%</td>
<td>5.9%</td>
<td>7.4%</td>
<td>6.0%</td>
<td>6.1%</td>
</tr>
<tr>
<td>PROPERTY CLASS BC</td>
<td>3.9%</td>
<td>5.2%</td>
<td>4.4%</td>
<td>7.3%</td>
<td>2.8%</td>
<td>4.8%</td>
</tr>
<tr>
<td>ALL PROPERTIES</td>
<td>5.5%</td>
<td>5.3%</td>
<td>5.1%</td>
<td>7.4%</td>
<td>5.0%</td>
<td>5.3%</td>
</tr>
<tr>
<td>AVG. RENTAL RATE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROPERTY CLASS A</td>
<td>$1,490</td>
<td>$1,409</td>
<td>$1,353</td>
<td>$1,236</td>
<td>$1,530</td>
<td>$1,431</td>
</tr>
<tr>
<td>PROPERTY CLASS BC</td>
<td>$1,162</td>
<td>$901</td>
<td>$992</td>
<td>$961</td>
<td>$1,267</td>
<td>$973</td>
</tr>
<tr>
<td>ALL PROPERTIES</td>
<td>$1,361</td>
<td>$1,026</td>
<td>$1,146</td>
<td>$1,044</td>
<td>$1,444</td>
<td>$1,154</td>
</tr>
</tbody>
</table>

TABLE 5  MULTIFAMILY RENTAL MARKET, Q1 2013
Note: Only includes properties tracked by Reis, based on property inquiries in the First Quarter of 2013. Represents properties with 40 units or more.
Source: Reis, 2013; BAE, 2013

The region as a whole shows healthy demand for the rental housing that exists. Vacancy rates are similar to other urban markets. Additionally, there is a significant supply of more affordable Class B/C buildings. Table 5 provides a snapshot of the multifamily rental market as of the first quarter of 2013. These summaries classify properties by their quality, with Class A buildings representing a higher level of amenities and unit features than Class B/C properties. The Class B/C properties, which comprise more than half of the units (60 percent), have asking rents on average that are about $460 lower per month than Class A buildings, and show tighter vacancies than Class A properties (which include new properties currently leasing up). Vacancy rates of about five percent generally represent normal turnover in the rental market, and indicate a balanced level of occupancy.

When viewed by jurisdiction, 80 percent of the region’s more affordable Class B/C inventory is concentrated in Baltimore City and Baltimore County, with relatively few affordable market options in the parts of the region that have more recently experienced residential and employment growth. Fully 56 percent of Class B/C properties are located in Baltimore City alone. In contrast, vacancy rates for Class B/C properties are very low in Howard and Anne Arundel Counties, which offer a much smaller share of these older, lower quality but more affordable units. Corresponding to their low vacancy rates, average asking rents in Howard and Anne Arundel Counties are notably higher than in other jurisdictions.

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This data comes from Reis, a proprietary source of information on multifamily properties. Reis tracks buildings with 20 or more units; it covers about half of the multifamily rental units in the region, but because of this threshold their data does not cover all areas of the region. Unlike data available from the American Community Survey, Reis provides rent data for units currently available in the market. The rental housing market will include product types and locations beyond what is covered by the Reis inventory, but the market as a whole will generally reflect and be influenced by the trends and characteristics seen in Reis properties. This analysis characterizes general rental conditions in the region overall, specific conditions in the areas including and near Reis properties, and therein furthers our understanding of the current market landscape for households seeking rental housing.
OLDER RENTAL DEVELOPMENTS (PROPERTY CLASS B/C) PROVIDE A SIGNIFICANT PORTION OF THE REGION’S UNSUBSIDIZED AFFORDABLE HOUSING STOCK, ESPECIALLY IN THE REGION’S HISTORIC CORE. HIGHER RENT LEVELS FOR THIS SAME HOUSING TYPE, SEEN IN ANNE ARUNDEL COUNTY AND HOWARD COUNTY, COULD BE ATTRIBUTED TO THE CONSTRAINED SUPPLY OF SUCH “NATURALLY OCCURRING” AFFORDABLE UNITS IN THESE MORE RECENTLY DEVELOPED AREAS.

RENTAL HOUSING AFFORDABILITY

The rental housing market provides a variety of choices at different price points, meeting the needs and demands of many, but not all, of the region’s households.

Reis’s inventory, summarized in Table 6, shows that, while almost all market-rate rental units in the region are affordable even at 80 percent of MFI, the market does not produce any rental homes for people at the lowest income level: 30% MFI. Supply at 50 percent of MFI is limited, as well, especially for families who need three bedrooms or more.

This analysis of average rents by property indicates that about 41 percent of inventory is in properties with average rents affordable to households at the 50 percent threshold; units affordable to households at 40 percent MFI drops to approximately 12 percent of the inventory, and no inventory is available to households at 30 percent of MFI.

<table>
<thead>
<tr>
<th>UNIT SIZE</th>
<th>HH SIZE (B)</th>
<th>30% MFI # UNITS</th>
<th>50% MFI # UNITS</th>
<th>80% MFI # UNITS</th>
<th>100% MFI # UNITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 BR</td>
<td>2 PERSON</td>
<td>0</td>
<td>15,550</td>
<td>34%</td>
<td>39,986</td>
</tr>
<tr>
<td>2 BR</td>
<td>4 PERSON</td>
<td>0</td>
<td>39,408</td>
<td>47%</td>
<td>76,841</td>
</tr>
<tr>
<td>3 BR</td>
<td>5 PERSON</td>
<td>0</td>
<td>3,057</td>
<td>27%</td>
<td>9,470</td>
</tr>
<tr>
<td>TOTAL 1-3 BR UNITS</td>
<td>0</td>
<td>58,015</td>
<td>41%</td>
<td>126,297</td>
<td>90%</td>
</tr>
</tbody>
</table>

TABLE 6 AVAILABILITY OF MULTIFAMILY RENTAL UNITS BY HOUSEHOLD INCOME THRESHOLD

Notes: A. Reflects units in properties where average rent in that property is affordable to the identified household size at the benchmark MFI level. Based on an MFI of $85,600 for a family of four in 2013. Affordable rent is calculated as 30 percent of monthly income. B. Household size represents typical and appropriate size for the unit type specified.

Source: Reis, 2013; BAE, 2013
Table 7 shows affordability in a different way, linking the average asking rent for each unit size to the approximate household income threshold considered affordable, assuming that the household spends no more than 30 percent of its gross income on rent. The threshold income is then compared to classifications of Area Median Family Income (MFI) for households of an appropriate size for the unit size.

Table 7: Housing Affordability by Unit Type

<table>
<thead>
<tr>
<th>UNIT TYPE</th>
<th>HH SIZE (A)</th>
<th>AVERAGE ASKING RENT</th>
<th>APPROX. INCOME</th>
<th>AFFORDABILITY: THRESHOLD MFI (C)</th>
<th>AVERAGE ASKING RENT</th>
<th>APPROX. INCOME</th>
<th>AFFORDABILITY: THRESHOLD MFI (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>STUDIO</td>
<td>1-2 PERSONS</td>
<td>$882</td>
<td>$35,000</td>
<td>50-60% MFI</td>
<td>$1,366</td>
<td>$55,000</td>
<td>80-90% MFI</td>
</tr>
<tr>
<td>1 BR</td>
<td>2-3 PERSONS</td>
<td>$1,034</td>
<td>$41,000</td>
<td>50-60% MFI</td>
<td>$1,469</td>
<td>$59,000</td>
<td>80-90% MFI</td>
</tr>
<tr>
<td>2 BR</td>
<td>3-5 PERSONS</td>
<td>$1,188</td>
<td>$48,000</td>
<td>50-60% MFI</td>
<td>$1,807</td>
<td>$72,000</td>
<td>80-90% MFI</td>
</tr>
<tr>
<td>3 BR</td>
<td>4-6 PERSONS</td>
<td>$1,454</td>
<td>$58,000</td>
<td>60-70% MFI</td>
<td>$2,098</td>
<td>$84,000</td>
<td>85-100% MFI</td>
</tr>
</tbody>
</table>

Notes: A. Household size represents typical and appropriate size for the unit type specified. B. New properties are those identified in the Reis data as constructed in 2011 or 2012. There were 2,464 units in 12 properties. C. Threshold MFI represents the approximate percent of Area Median Family Income (MFI) for the identified household size that would be required to afford the unit by expending no more than 30 percent of gross household income on rent. MFI for a family of four in 2013 was $85,600.

There are no rental homes in the housing market that are affordable to a family earning 30% of median family income (MFI). This income level includes the typical food prep worker with two children earning $23,000 a year or a typical retail salesperson with three children earning $25,000 a year.

The cost of utilities is not included in the affordability calculation, making this a conservative definition of affordability, since utility costs are usually included in housing cost burden calculations.

Notes: A. Household size represents typical and appropriate size for the unit type specified. B. New properties are those identified in the Reis data as constructed in 2011 or 2012. There were 2,464 units in 12 properties. C. Threshold MFI represents the approximate percent of Area Median Family Income (MFI) for the identified household size that would be required to afford the unit by expending no more than 30 percent of gross household income on rent. MFI for a family of four in 2013 was $85,600.
Overall, the analysis demonstrates that average asking rents in the region are affordable to households above 60 percent of MFI, with three-bedroom units being more expensive and less available at 50 percent MFI. For units in new properties, the affordability threshold is higher for average asking rents, and does not extend to households below the 80 percent MFI threshold. Therefore, construction of new, market rate units cannot be expected to directly increase the availability of rental housing for the region’s low income households. However, an increase in supply of new, Class A market rate units may reduce upward pressure on asking rents and increase the comparative stock of units considered older and of lesser quality.

THE REGION’S HOUSING SUBMARKETS

In order to better understand wide market disparities and characteristics within the region, housing market indicators were used to cluster or group together the region’s neighborhood-level units, RPDs, into similar categories. Cluster analysis is a statistical technique that classifies data into groupings or clusters exhibiting similarities across observations. The clustering process helps create like-places that can be used to describe similar housing markets in terms of the supply and demand across the metropolitan region. Because the analysis does not make distinctions by jurisdiction, places that are grouped together into a “cluster” show similarities irrespective of the jurisdiction in which they happen to be located. The purpose of this approach is to explore ways local governments and partners could coordinate strategies for addressing similar issues confronting communities across jurisdictional lines, opening possibilities for greater effectiveness and broader public support.

The methodology used and analysis are described in detail in Appendix B.

The indicators of the cluster analysis are used to identify clusters whose RPDs exhibit similar characteristics. Describing the clusters as “housing submarkets” requires employing a naming convention that considers both the nature of the market and the spatial variation emergent among the clusters (see Table 8). Both of these topics are discussed in detail below. The clusters are listed in Table 8.

### TABLE 8 SUBMARKET NAMES

<table>
<thead>
<tr>
<th>Submarket Name / Geography</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High End, Exurban</strong> / Largely exurban &amp; outside areas of urban water/sewer services</td>
</tr>
<tr>
<td><strong>Fast Growing, Job/Activity Hub</strong> / Job centers or other activity hubs such as major retail</td>
</tr>
<tr>
<td><strong>Recent Growth, Rural/Suburban</strong> / Rural areas as well as expanding suburban areas</td>
</tr>
<tr>
<td><strong>Stable, Suburban/Urban</strong> / Suburban areas as well as established/historic more urban places</td>
</tr>
<tr>
<td><strong>Pivotal, Urban/Suburban</strong> / Urban areas on the outskirts of the city as well as inner ring suburbs</td>
</tr>
<tr>
<td><strong>Stressed, Urban</strong> / Urban, High density</td>
</tr>
</tbody>
</table>

Since they have higher rents than older buildings, construction of new, market rate apartments will not, by itself, address the rental housing need of the region’s low income households.
HIGH END, EXURBAN

The 8 RPDs that fall into the High End, Exurban submarket have the highest median sales prices (average is $502,894) and extremely low housing vacancy (4.6 percent) or foreclosure sales (3.3 percent). This submarket consists of RPDs with very low density and limited housing stock in comparison to other areas in the region. However, despite low density zoning and restrictive land use regulation, the growth between 2000 and 2010 in terms of the change in housing units (22.9 percent), the population (17.2 percent) and the forecast population growth (8.3 percent) are high. The cluster’s average number of housing units is 4,385 in 2010 whereas the average for all RPDs is 12,250. Given the high price-points, this submarket also has the highest median number of days on the market (72.4). This submarket has the highest percent of owner occupancy (85.4 percent) and is characterized by very low percent renter occupancy (10.0 percent). Spatially, with the exception of Ruxton in Baltimore County just north of the City line, the RPDs in this submarket are located predominantly outside urban and suburban parts of the region that are served by public water and sewer. Yet, despite being outside “Priority Funding Areas (PFAs)” designated by local and state government, they are relatively close to regional job centers in Hunt Valley, Owings Mills, and Columbia and are, in some cases, well-served by highway infrastructure.

Includes: Davidsonville/Harwood, Fowblesburg, Jacksonville, Chestnut Ridge, Ruxton, Cooksville, West Friendship, Clarksville

FAST GROWING, JOB/ACTIVITY HUB

The 16 RPDs that fall into this submarket all exhibited high rates of growth between 2000 and 2010 in terms of change in housing units (21.2 percent), population (18.1 percent) and continued growth forecast (8.3 percent). The RPDs in this submarket are located near regional job centers such as Downtown Baltimore, Fort Meade in Anne Arundel County, White Marsh in Baltimore County and Aberdeen Proving Grounds in Harford County. Unlike the High End submarket, the areas in this submarket have the greatest average housing stock (17,409 in 2010) and average population size (42,611 in 2010). The median sales price is above the regional average ($277,903) and the housing moves quickly with the lowest median number of days on the market (38.9) and relatively low housing vacancy (7.0 percent) or foreclosure sales (6.5 percent). This submarket consists of owner occupancy (63.3 percent) and renter occupancy (28.4 percent) very close to the regional average.

Includes: Metro Center, Highlandtown, South Baltimore, Jessup/Severn, Maryland City, Odenton, Crofton, Crownsville, Neck/Edgewater/ Mayo, Perry Hall/White Marsh, Rossville, Bel Air/Fallston, Edgewood/Joppa, Elicott City, Elkridge, Laurel
The Recent Growth, Rural/Suburban submarket consists of both rural parts of the region as well as suburban & exurban areas with high home ownership. This submarket has a similar percent of owner occupancy⁶ (81.0 percent) and renter occupancy (13.8 percent) to that of the High End submarket but consists of RPDs with slightly more housing units (7,724 in 2010). Growth rates for this submarket between 2000 and 2010 are closer to the regional average in terms of housing units (9.3 percent) and population (6.1 percent) with below-average forecast growth (1.9 percent). The median sales price ($285,314) is above average while the housing vacancy (5.2 percent) and foreclosure sales (6.4 percent) are low.

Includes: Pasadena/Lake Shore, Broadneck, Deale/Lothian, Hereford/Maryland Line, Prettyboy, Sparks, Lutherville, Fork, Harrisonville, Kingsville, Chase/Bowleys Quarters, Rosedale, Edgemere, Taneytown, Manchester, Westminster, Finksburg, Mount Airy, Eldersburg, Jarrettsville/Norrisville, Cardiff/Darlington

STABLE, SUBURBAN/URBAN

The 22 RPDs that fall into this broad and eclectic submarket are primarily located along the I-695 beltway but also include historic and well-established places around the region such as Annapolis in Anne Arundel County, Columbia in Howard County, and Havre de Grace in Harford County. The median sales price ($219,560) for this submarket is just below the regional average with low housing vacancy (6.4 percent) or foreclosure sales (8.4 percent)⁷. Growth rates between 2000 and 2010 are moderate in terms of change in housing units (5.3 percent), population (5.9 percent) and forecast population (4.1 percent). The average number of housing units for the Stable, Suburban/Urban is highest among the submarkets at 14,791 in 2010 whereas the average for all RPDs is 12,250. This submarket's owner occupancy (59.9 percent) is just below the regional average and its renter occupancy (33.6 percent) is just above. Although overall indicators for this submarket are relatively healthy, as of 2010, more than a third of the RPDs had percent foreclosure sales higher than 10 percent, a key measure of market distress. Thus, this submarket has more variation within it than others.

Includes: Mount Washington, Roland Park, Hampden, Brooklyn Park/Linthicum, Glen Burnie, Marley Neck, Severna Park, Annapolis, Reisterstown/Owings Mills, Cockeysville/Timonium, Randallstown, Greenspring Valley/Pikesville, Towson/Loch Raven, Parkville, Overlea, Security, Catonsville, Arbutus/Lansdowne, Middle River, Dundalk/Turners Station, Aberdeen/Havre De Grace, Columbia

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⁶ Since owner occupancy was the indicator of highest importance in this submarket, the Edgemere RPD located in southeastern Baltimore County with 74% owner occupancy has been classified here; however, uncharacteristic for this submarket, Edgemere experienced population decline (-6.2%) between 2000 and 2010, so may need housing policy support that may be targeted to a different submarket.

⁷ Although the overall indicators for the Stable, Suburban/Urban areas are relatively healthy, there is variation within this category with respect to foreclosure sales, a key measure of market distress. More than a third of the RPDs have higher than 10% foreclosure sales (Randallstown, Middle River, Reisterstown/Owings Mills, Brooklyn Park/Linthicum, Glen Burnie, Arbutus/Lansdowne, Dundalk/Turners Station and Security).
WHILE MOST SUBMARKETS IN THE REGION SHOW SIGNIFICANT STRENGTH, THE “PIVOTAL” AND “STRESSED” SUBMARKETS ARE PARTICULARLY WEAK AND IN NEED OF STRENGTHENING IF THEY ARE NOT TO WEaken THE WIDER REGION.

PIVOTAL, URBAN/SUBURBAN

The 15 RPDs that fall into the Pivotal, Urban/Suburban market have affordable median sales prices (average is $84,639) but have above average housing vacancy (9.2 percent) and foreclosure sales (17.3 percent). Growth rates between 2000 and 2010 are zero to slightly negative. The number of housing units (-1.8 percent), the population (-2.0 percent) and the forecasted population (-0.3 percent) all declined. This submarket is characterized by the lowest rate of rehabilitation permits (6.6 per 1000), which is the key indicator distinguishing it from the Stable, Suburban/Urban submarket. This submarket is also characterized by a smaller gap between owner occupancy (51.0 percent) and percent renter occupancy (39.8 percent). This submarket is located in the outer ring of Baltimore City and the East and West sections of Baltimore County.

Includes: Hamilton, Liberty/Lochearn, North Point, Upper Park Heights, Chinquapin, Govans/Northwood, Forest Park, Clifton, Gardenville, Ten Hills, Irvington, Canton, Morrell Park, Cherry Hill, Essex

STRESSED, URBAN

The 8 RPDs that fall into the Stressed, Urban submarket exhibit signs of extreme housing market distress. All 8 RPDs are located in Baltimore City. The median sales price (average is $34,788) is less than 20 percent of the regional average. The area has nearly triple the regional housing vacancy (22.4 percent) and more than double the region’s foreclosure sales (22.1 percent). This submarket is losing population, with negative growth rates between 2000 and 2010 in terms of change in housing units (-4.7 percent) and population (-9.4 percent), but still consists of RPDs with significant amount of housing stock in comparison to other areas in the region. The average number of housing units is 13,071 in 2010, whereas the average for all RPDs is 12,250. This submarket has the the highest renter occupancy (46.3 percent) and is characterized by very low owner occupancy (31.3 percent). Interestingly, the rate of rehabilitation permits in this submarket is higher than in the Pivotal, Urban/Suburban market. All 8 RPDs are located in Baltimore City and many of them include major redevelopment areas such as the East Baltimore Development Initiative, Poppleton and Park Heights.

Includes: Lower Park Heights, Druid Hill, Waverly, Rosemont, West Baltimore, East Baltimore, Carroll Park, Brooklyn

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8 The Ten Hills RPD in Baltimore City includes the Uplands redevelopment area which accounts for a loss of 1,000 housing units and nearly 1,700 people in the otherwise predominantly low-density residential neighborhood.
9 Although 2 RPDs (North Point and Essex) had rates of rehabilitation permits closer to RPDs in the Stable, Suburban/Urban submarket, they had higher foreclosure sales and lower price points which groups them in the Stagnant, Urban/Suburban submarket.
10 Two RPDs (Brooklyn and Carroll Park) increased in housing units between 2000 and 2010; however, Brooklyn increased in population size whereas Carroll Park did not. Housing units East Baltimore RPD decreased by the highest percentage in the region (-20.9%) between 2000 and 2010.
The housing submarkets also show disparities by racial and ethnic composition. The region’s racially diverse housing submarkets are the Fast Growing and Stable areas with close-to-average percentage of both white and black populations and slightly above-average percentages of both Asian and Hispanic populations. The High End and Recent Growth submarkets are predominantly white (>80%); the Pivotal and Stressed submarkets are predominantly black (63% and 74.3% respectively). Although the Asian and Hispanic populations make up small percentages overall, they are the fastest growing minority groups in the region. The Pivotal areas have a slightly higher-than-average percent Hispanic population (4.6%).

<table>
<thead>
<tr>
<th>HOUSING SUBMARKETS</th>
<th>PERCENT WHITE 2010</th>
<th>PERCENT BLACK 2010</th>
<th>PERCENT ASIAN 2010</th>
<th>PERCENT 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>High End, Exurban</td>
<td>84.8</td>
<td>4.9</td>
<td>6.0</td>
<td>2.4</td>
</tr>
<tr>
<td>Fast Growing, Job/Activity Hub</td>
<td>64.4</td>
<td>19.2</td>
<td>7.4</td>
<td>6.0</td>
</tr>
<tr>
<td>Recent Growth, Rural/Suburban</td>
<td>88.2</td>
<td>5.7</td>
<td>1.9</td>
<td>2.5</td>
</tr>
<tr>
<td>Stable, Suburban/Urban</td>
<td>64.4</td>
<td>22.2</td>
<td>5.1</td>
<td>5.5</td>
</tr>
<tr>
<td>Pivotal, Urban/Suburban</td>
<td>28.9</td>
<td>63.0</td>
<td>1.3</td>
<td>4.6</td>
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<tr>
<td>Stressed, Urban</td>
<td>18.0</td>
<td>74.3</td>
<td>2.2</td>
<td>3.1</td>
</tr>
<tr>
<td>All Submarkets</td>
<td>61.7</td>
<td>27.7</td>
<td>4.0</td>
<td>4.2</td>
</tr>
</tbody>
</table>

**Table 9** Housing Submarket Racial Composition
CHAPTER 4: SEGREGATION, POVERTY & FAIR HOUSING

After a brief summary of Baltimore’s history of segregation, this analysis examines trends in racial / ethnic composition for the region as a whole and within individual neighborhoods between the years of 1980 and 2010. The legacy of segregation is linked to disparities in access to opportunity and housing market strength around the region. It is also linked to existing patterns of racially concentrated poverty. A more complete account of the region’s history of segregation, as well as a more detailed analysis of segregation, poverty, disparities in access to opportunity, and fair housing infrastructure is documented in Appendix A: Fair Housing Equity Assessment (FHEA) Detail.

HISTORICAL TRENDS IN SEGREGATION

The Baltimore region’s residential landscape has historically been divided along racial and ethnic lines. In 1910, these divisions received the force of law, as the City of Baltimore enacted the nation’s first racially-restrictive zoning ordinance. The law designated Baltimore’s residential blocks as either white or black and forbade blacks from moving to blocks where whites constituted the majority, and vice versa. This ordinance was struck down by the Supreme Court in 1917, but private covenants forbidding sales to members of minority groups were used in many Baltimore communities and validated by the courts until the 1948 Shelley v. Kraemer Supreme Court decision. The post-World War II era saw a “regionalization” of residential segregation patterns, as the Baltimore region experienced a massive outmigration of whites to surrounding suburban counties. This suburban migration was fueled in part by a range of local and federal policies. The post-War population boom and increase in family incomes created a surge in demand for new housing.

THE LEGACY OF SEGREGATION IS LINKED TO DISPARITIES IN ACCESS TO OPPORTUNITY AND HOUSING MARKET STRENGTH AROUND THE REGION.

Housing was made more affordable by the Federal Housing Administration (FHA), which was created in 1934 to insure mortgages and to reduce the lending risk associated with extended mortgage contracts. In addition to spurring new home construction, the FHA’s underwriting criteria effectively favored new suburban housing in majority-white neighborhoods. The underwriting standards favored single family homes over multi-family structures and favored new home construction over the rehabilitation of existing structures. From its inception until the 1960s, the FHA also relied on maps created by the Home Owners Loan Corporation (HOLC) to identify areas that were considered to pose a high risk of default. Among other criteria, the HOLC relied on the social and demographic characteristics of neighborhoods to effectively “redline” areas with a high proportion of minority residents. The original HOLC maps for Baltimore (Figure 11 opposite page) redlined much of Baltimore’s central core, effectively constraining access to credit in large swaths of land within the city.

11 Unless otherwise noted, census-tract level longitudinal analyses were performed using data the Longitudinal Tract Database (LTDB) provided by Brown University. These data rely on block-level interpolation procedures to allocate Census data from years prior to 2010 to corresponding 2010 census geographies.


The increase in white population within the region’s suburban areas was also fueled in part by concerns surrounding school integration and other perceived problems associated with urban schools. In response to the landmark 1954 Brown v. Board of Education Supreme Court ruling which overturned the “separate but equal” doctrine and led to the racial integration of U.S. schools, many whites fled the city due to fears of racial change within Baltimore’s local public schools. Many fled to surrounding Baltimore County, which did not operate a school for blacks until 1939.14

Between 1970 and 2000, the maturation of the region’s suburban areas led to a differentiation between the older inner-ring suburbs and the expanding outer suburban areas. In 1962, the nation’s first suburban beltway was completed under Eisenhower’s 1956 Interstate Highway Act. Interstate 695 (I-695) connected the formerly disparate inner suburban portions of Baltimore County and led to a boom in housing and retail development along Interstate access points. In 1967, Baltimore County adopted one of the nation’s first urban growth boundaries, known in the Baltimore region as the Urban-Rural Demarcation Line (URDL). Inside the URDL, the County’s growing inner suburbs received public water and sewer service and were zoned for higher-density residential and commercial uses, while land outside the boundary was preserved for low-density residential and agricultural uses.

At about the same time, James Rouse developed the “new town” of Columbia in Howard County. While an unusual racially and economically diverse development, due to Rouse’s vision of an ideal community, in many ways Columbia paved the way for more conventional large-scale suburban development in other rural parts of Howard County, as well as the other outer suburban jurisdictions of the region.

14 Ibid

FIGURE 11 1937 HOME OWNERS LOAN CORP. “REDLINING” MAP
Source: Antero Pietila, author of Not In My Neighborhood: How Bigotry Shaped a Great American City
THE REGION IS GROWING MORE DIVERSE

As noted in Chapter 2, as the Baltimore region has grown outward over past decades, it has also become more racially and ethnically diverse. Between 1980 and 2010, the region’s population increased by 488,668, to 2,662,691. Most of this increase (88 percent) can be attributed to the growth of the region’s non-white population. Over these three decades, the white population increased by less than 60,000. Most of the region’s population increase occurred during the 1980s. By the 2000s, the region’s white population decreased by 41,156. The increasing diversity within the region is primarily attributable to growth in the African American population, which increased by 218,709 between 1980 and 2010.

Growth in communities of color has shifted the region’s racial and ethnic composition. Since 1980, the number of census tracts where persons of color are the majority have more than doubled from 108 to 235. By 2010 the number of tracts with higher percentages of people of color had increased considerably. Figure 12 (below) displays the breakdown in the number of tracts with a range in share of minority population, from less than five percent minority population to more than 95 percent.

As Figure 12 shows, the Baltimore Region of 1980 was dominated by a large number of census tracts that were almost exclusively white (either <5 percent of <10 percent persons of color). At the other end of the spectrum, in 1980 many of the neighborhoods with significant numbers of non-whites were 95 percent or more persons of color, reflecting the era of the 1937 Home Owners Loan Corporation “redlining” map.

By 2010, Figure 12 shows that the region remained segregated, but not as rigidly. The number of tracts exclusively occupied by persons of color (greater than 95 percent) have increased, as have those that are majority persons of color. This explains why neighborhood segregation rates remain stubbornly high. Despite reports of white gentrification in some places, it is rare for an all-minority neighborhood in one decade to include more than a token white population in the next decade. Because of substantial wealth disparities by race, many of them exacerbated by 20th century public policies, these segregation patterns have a significant influence on the ability of people of color to access community resources and the opportunity those resources bring.

16 Oliver, Melvin and Thomas Shapiro, Black Wealth/White Wealth: a New Perspective on Racial Inequality, 2006.
On the other hand, as Figure 12 shows, few tracts in the region remain exclusively white, and there are more integrated tracts where persons of color comprise 10-50 percent of the population. Whether this pattern presages a new era of stable integration and diversity in the Baltimore region or is merely a new stage reflecting prior patterns of spreading segregation is one of the most salient questions for our region.

**WHILE MANY PARTS OF THE REGION HAVE SEEN SIGNIFICANT INCREASES IN POPULATION OF COLOR, ONLY SOME AREAS, SUCH AS THOSE IN AND AROUND COLUMBIA, WESTERN ANNE ARUNDEL COUNTY, OWINGS MILLS, AND COCKEYSVILLE ARE TRULY “MULTI-RACIAL.”**

<table>
<thead>
<tr>
<th>2000</th>
<th>2010</th>
<th>%CHANGE</th>
</tr>
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<tbody>
<tr>
<td><strong>DISSIMILARITY INDEX</strong></td>
<td></td>
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<tr>
<td>WHITE-NONWHITE</td>
<td>59.6</td>
<td>54.0</td>
</tr>
<tr>
<td>WHITE-BLACK</td>
<td>68.8</td>
<td>65.4</td>
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<td>WHITE-HISPANIC</td>
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<td>WHITE-ASIAN</td>
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<td><strong>ISOLATION INDEX</strong></td>
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<tr>
<td>WHITE</td>
<td>81.7</td>
<td>75.0</td>
</tr>
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<td>NONWHITE</td>
<td>63.9</td>
<td>63.3</td>
</tr>
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<td>BLACK</td>
<td>65.9</td>
<td>62.2</td>
</tr>
<tr>
<td>HISPANIC</td>
<td>4.2</td>
<td>9.2</td>
</tr>
<tr>
<td>ASIAN</td>
<td>6.4</td>
<td>11.0</td>
</tr>
<tr>
<td><strong>RACIAL/ETHNIC COMPOSITION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WHITE %</td>
<td>66.3%</td>
<td>59.5%</td>
</tr>
<tr>
<td>NONWHITE %</td>
<td>33.7%</td>
<td>40.5%</td>
</tr>
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<td>BLACK %</td>
<td>27.1%</td>
<td>28.8%</td>
</tr>
<tr>
<td>HISPANIC %</td>
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<td>4.6%</td>
</tr>
<tr>
<td>ASIAN %</td>
<td>2.7%</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

**TABLE 10 SEGREGATION INDICES & RACIAL/ETHNIC COMPOSITION, 2000 & 2010**
Source: 2000 & 2010 Census, SF1

To gain deeper perspective on racial and ethnic segregation at the neighborhood level and its implication for the ability of people of color to access resources and opportunity, the following analysis examines several commonly used segregation indices. The first, a dissimilarity index, provides a measure of the degree to which two selected racial or ethnic groups reside in the same census tract. The index ranges from zero to 100 with 100 indicating that zero census tracts contain a mix of two racial or ethnic groups. The index also can be interpreted as the percent of one of the two groups that would have to relocate to a different census tract to produce a tract-level racial/ethnic distribution that matches that for the surrounding region. The second index examined is the isolation index. This index describes the extent to which racial or ethnic groups are surrounded by other members of their own group within census tracts. For African Americans, for example, the index value provides a measure of the average percent African American population living in the surrounding neighborhood of the average African American person. Each of these indices, along with the regional racial composition for 2000 and 2010 are displayed in Table 10.
ONE KEY QUESTION FOR THE REGION MOVING FORWARD IS WHETHER THE REGION’S 20TH CENTURY PATTERNS OF RACIAL CHANGE WILL CONTINUE IN OUTER PARTS OF THE METROPOLITAN AREA IN THE 21ST CENTURY.

As shown in Table 10, segregation of whites from people of color declined by more than nine percent over the last decade. Much of this decline is due to the increase in white – black racial integration. In fact, segregation of whites from Hispanics and Asians actually increased slightly over the decade. Despite these changes, segregation of whites from people of color still remains at high levels. More than half of either the white population or population of color would have to relocate to a different neighborhood to produce an integrated region. When comparing the residential locations of whites with African Americans, this percentage is even higher, with metropolitan area integration requiring 65 percent of either the white or black population to relocate to a different census tract.


Isolation indices reveal similar trends and also point to the high levels of isolation for most racial / ethnic groups. Whites live in neighborhoods that are about 75 percent white, while African Americans live in neighborhoods that are approximately 62 percent black. Asian and Hispanic persons, on the other hand, live in neighborhoods that have a much higher percentage of other racial / ethnic groups. It is also worth noting that, while the Hispanic population only comprises less than 5 percent of the total population, this group’s representation within the region has increased by more than any other racial / ethnic group over the last decade in percentage terms (131 percent).

To gain perspective on how these statistics compare nationally, Table 11 compares white – black segregation measures with those calculated for other metropolitan areas with large minority populations. As shown in Table 11, Baltimore’s dissimilarity index is the 16th highest among the 50 metropolitan areas with the largest minority populations. Its isolation index is the 10th highest. Black–white segregation in Baltimore is slightly higher than in the neighboring metropolitan area of Washington, D.C., and for both indices, is higher than the U.S. metropolitan average. The spatial pattern of minority expansion within the region suggests that while many areas have seen significant increases in population of color, few areas, such as those in areas in and around Columbia, western Anne Arundel County, Owings Mills, and Cockeysville are truly “multi-racial.”

<table>
<thead>
<tr>
<th>WHITE - BLACK DISSIMILARITY</th>
<th>RANK</th>
<th>BLACK ISOLATION</th>
<th>RANK</th>
<th>PERCENT BLACK</th>
</tr>
</thead>
<tbody>
<tr>
<td>BALTIMORE</td>
<td>64.3</td>
<td>16</td>
<td>62.4</td>
<td>10</td>
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<tr>
<td>WASHINGTON, D.C.</td>
<td>64.1</td>
<td>17</td>
<td>59.2</td>
<td>14</td>
</tr>
<tr>
<td>RICHMOND, VA.</td>
<td>51.6</td>
<td>39</td>
<td>52.1</td>
<td>19</td>
</tr>
<tr>
<td>PHILADELPHIA</td>
<td>73.7</td>
<td>6</td>
<td>62.9</td>
<td>7</td>
</tr>
<tr>
<td>DETROIT</td>
<td>79.6</td>
<td>1</td>
<td>80.9</td>
<td>1</td>
</tr>
<tr>
<td>CHICAGO</td>
<td>75.9</td>
<td>5</td>
<td>66.8</td>
<td>4</td>
</tr>
<tr>
<td>U.S. WEIGHTED AVG.</td>
<td>59.1</td>
<td>45.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TABLE 11 SEGREGATION INDICES FOR SELECTED U.S. METROS, 2010

PATTERNS OF RACIAL AND ETHNIC GROWTH AND MIGRATION

In the Baltimore area (and many other parts of the country) trends in population migration have closely followed historic segregation patterns. In our region, African American access to new residential areas and schools has often led to brief periods of integration followed by white out-migration and re-segregation. At the core of the region, this pattern has been followed by out-migration of African American families as well. Figure 13 shows this dynamic spatially. Between 1980 and 2010 substantial portions of Baltimore City and Baltimore County changed from less than 25 percent African American to more than 75 percent African American in a pattern of integration followed by re-segregation. As the foreclosure discussion that follows and opportunity analysis in Chapter 5 show, this pattern has implications for the opportunity available to the residents of these re-segregated communities.

FIGURE 13 PERCENT AFRICAN AMERICAN IN BALTIMORE REGION:

The beginning of this report described an increasingly diverse region, and the maps that follow show the way this increasing diversity looks at the local level. These maps show the significant growth in African American, Latino, and Asian population, along with the reduction in white population at the region’s center. They also show significant African American population loss in Baltimore City, at the very center of the region.

One key question for the region moving forward is whether the region’s 20th century patterns of racial change in Baltimore City and County will continue in other parts of the metropolitan area during the 21st century. Many of the most racially and ethnically diverse parts of the region are now in low-poverty suburban parts of the region that are beginning to see reductions in white population. It may be important to monitor and support these diverse areas to ensure that they continue to be thriving, high opportunity places in the region attractive to all.
FIGURE 14 CHANGE IN WHITE, NON-HISPANIC POPULATION BY REGIONAL PLANNING DISTRICT, 2000-2010
Source: BMC, U.S. Census, ESRI, Maryland Department of Planning • Map created by BNIA-JFI, 2013

FIGURE 15 CHANGE IN BLACK, NON-HISPANIC POPULATION BY REGIONAL PLANNING DISTRICT, 2000-2010
Source: BMC, U.S. Census, ESRI, Maryland Department of Planning • Map created by BNIA-JFI, 2013
FIGURE 16 CHANGE IN HISPANIC POPULATION BY REGIONAL PLANNING DISTRICT, 2000-2010
Source: BMC, U.S. Census, ESRI, Maryland Department of Planning • Map created by BNIA-JFI, 2013

FIGURE 17 CHANGE IN ASIAN NON-HISPANIC POPULATION BY REGIONAL PLANNING DISTRICT, 2000-2010
Source: BMC, U.S. Census, ESRI, Maryland Department of Planning • Map created by BNIA-JFI, 2013
LENDING, FORECLOSURES, AND COMMUNITIES OF COLOR

Although not the hardest hit region in the country during the national housing crisis that began in 2007, the Baltimore region was not immune to the devastating impacts of rising mortgage defaults and foreclosures for homeowners and neighborhoods. According to the 2012 Maryland Foreclosure Task Force Report\(^\text{17}\), the state experienced four phases of the crisis, with the highest foreclosures in 2009 and 2010.

The region’s patterns of segregation make it clear that communities of color were disproportionately impacted by foreclosures, which often followed from predatory and subprime lending practices. Figure 18 demonstrates that high foreclosure rates extend beyond majority minority areas, but communities with a majority population of persons of color were among the hardest hit areas.

THE REGION’S PATTERNS OF SEGREGATION MAKE IT CLEAR THAT COMMUNITIES OF COLOR WERE DISPROPORTIONATELY IMPACTED BY FORECLOSURES, WHICH OFTEN FOLLOWED PREDATORY AND SUBPRIME LENDING PRACTICES.

In 2008 the City of Baltimore filed a lawsuit against Wells Fargo for racial discrimination in their targeting of subprime loans that often resulted in foreclosure. That lawsuit was ultimately resolved along with a $175 million national settlement in 2012. While Wells Fargo did not admit wrongdoing, the City did receive $7.5 million for down payment assistance, homeownership preservation, and legal costs. Additional funds from the national settlement compensated individual Baltimore victims of subprime loans who qualified for prime loans.

The Maryland Department of Housing and Community Development has been tracking foreclosure hot spots throughout the state\(^\text{18}\) which are defined as communities with foreclosure rates that exceed the statewide average. In the Baltimore region, Baltimore City and Anne Arundel, Baltimore, Carroll, and Harford Counties have all been identified as having high foreclosure zip codes. Baltimore City has zip codes with “very high” and “severe” levels of foreclosure, and Baltimore County has zip codes with “very high” levels of foreclosure. Due primarily to the subprime mortgage market, which particularly impacted minority and moderate income borrowers, the pattern of foreclosures and foreclosure sales continues to depress markets in areas of the region with high African-American homeowners. The RPDs with the highest rates of foreclosure sales (greater than 30 percent) include Lower Park Heights, Druid Hill and Rosemont in Baltimore City, which are all more than 90 percent non-Hispanic African American. Outside the City, Liberty/Lochearn in Baltimore County has 23 percent foreclosure sales and is 81 percent non-Hispanic African American.

POVERTY TRENDS IN CONTEXT

Although poverty has risen in the region since the start of the Great Recession, the region’s poverty rates are relatively low, particularly in suburban jurisdictions. Table relies on data from Kneebone and Williams’ (2013) recent report analyzing trends in the spatial distribution of poverty within the nation’s 100 largest metropolitan areas for 2007, 2011, and 2012. We display trends observed for the Baltimore-Towson metropolitan area (which differs slightly from the BMC region due to the inclusion of Queen Anne’s County) and separately for the City of Baltimore compared to the surrounding suburban counties within the region. For each measure, we also display the rank of each location with respect to the 100 largest metro areas, with smaller numbers indicating a lower number of persons in poverty and / or lower poverty rates.

Table 12 reveals that while poverty has increased within the region during the 2007 to 2012 period, as would be expected during the “Great Recession,” the Baltimore region has fared better than most regions. The increase was a modest, 2.03 percentage points. By 2012, the Baltimore metro area had the 12th lowest poverty rate among the nation’s 100 largest metros. But again, these regional figures mask some stark disparities by geographic area. In 2012, Baltimore City had a poverty rate of 24.82 percent, one of the higher poverty rates among cities in the 100 largest U.S. metropolitan areas. Comparatively, the regions’ suburbs had a much lower 2012 poverty rate of 7.44, which was the fourth lowest among major U.S. suburban areas. The poverty rate for Baltimore City was more than three times the rate of the suburbs in 2012. For the region and for the region’s cities and suburbs, poverty rates were on the decline during 2011, which is a positive sign pointing to the region’s recovery from the economic collapse of late 2008.

**TABLE 12 SPATIAL DISTRIBUTION OF POVERTY, 2007-2012**

Exposure to neighborhood poverty has declined over the past 30 years, particularly exposure to concentrated levels of neighborhood poverty. Figure 19 displays the percent of the total white and the total minority population living in census tracts with a range of poverty concentrations, from greater than five percent to more than 40 percent of residents in poverty. The figures indicate two dynamics. First, the percentage of the minority population living in census tracts at levels of poverty more than five percent has declined since 1980.

Similarly, as shown in Figure 20 below, the number of Racially and Ethnically Concentrated Areas of Poverty (RCAP / ECAPs) declined between 1980 and 2010. HUD defines RCAP / ECAPs as those census tracts whose members of minority racial / ethnic groups are in the majority and where poverty rates exceed three times the census tract average for the region.
FIGURE 20 LOCATION OF RACIALLY/ETHNICALLY CONCENTRATED AREAS OF POVERTY IN THE BALTIMORE REGION (RCAPs/ECAPs):

Source: BMC, U.S. Census, ESRI • Map created by Housing Strategies Group, NCSG, 2013
As shown in Table 13 and depicted in Figure 20, the number of RCAP / ECAPs declined from 42 to 26 over the period, and the percentage of African Americans living in RCAP / ECAPs declined from 13 percent in 2000 to about 7 percent in 2010.

In both 2000 and 2010, African Americans were the largest racial group residing in RCAP / ECAPs – still nearly 53,000 people in 2010 – a figure that points to the second dynamic indicated by this data: the significant racial disparities that persist. Figure 19 shows that persons of color still have significantly higher exposure to poverty than whites in the region. This is consistent with recent national studies finding that blacks and whites with similar economic status continue to live in dramatically different neighborhood environments. In fact, a recent study by Brown University’s John Logan found the disparity between black and white exposure to poverty in the Baltimore-Towson MSA to be the 10th widest in the nation among metros with substantial African American population. That study found the neighborhood exposure to poverty for the average white person in our region is 7.2%, while the average exposure for blacks is more than double, at 14.9%. This difference cannot be attributed to the lower average incomes of African Americans — even affluent black households – those earning more than $75,000 – have a higher rate of exposure to poverty (10.4%), compared to the average white household.

Unlike African Americans, poor whites in the Baltimore region tend to live integrated within middle class neighborhoods, with 77.7 percent living in suburban communities, compared to only 29.5 percent of poor African Americans. The persistent fact is that black children grow up in conditions of poverty, often extreme poverty, and often generation after generation, that are not generally experienced by white children.

Social science research suggests that these racial differences in children’s neighborhood environments are an important part of the explanation for why blacks have experienced much more downward economic mobility than whites. In addition, there is mounting medical evidence that infants and young children exposed to adverse conditions, including economic hardship and community violence, experience toxic levels of stress that are harmful to their cognitive development and lifelong health.

21 US Census Bureau, 2012 American Community Survey  1 Year Estimate, Table S1701
AREAS OF MODERATE POVERTY HAVE GROWN

Our analysis reveals that while the number of census tracts falling within an “extreme” poverty range of 35 percent or higher has declined since 1980, the region saw an increase in the number of tracts exhibiting moderate poverty levels (between 15 percent and 35 percent). Figure 21 maps the location of census tracts where poverty rates changed between 2000 and 2010. Tracts where rates climbed and are now between 15 and 35 percent are identified in red, and expand out from the core of the region, primarily in suburban areas. (Red census tracts toward the center of Baltimore City generally contain poverty reduced from above 35 percent in 2000 – the reduction in concentrated poverty cited above.) These tracts generally correspond to the Pivotal submarket, with above average housing vacancy and foreclosure sales and a low rate of rehabilitation permits.

FAIR HOUSING SUCCESSES, INFRASTRUCTURE, AND COMPLAINTS

As in many other metropolitan areas and jurisdictions, some fair housing successes in the Baltimore area grew out of lawsuits. The Baltimore Housing Mobility Program was launched in 2003 to provide public housing residents the opportunity to gain access to subsidized housing located in low-poverty and predominantly white neighborhoods, through the use of Housing Choice Vouchers and mobility counseling assistance. The program was launched and funded as a result of the partial settlement of the Thompson v. HUD lawsuit filed by the ACLU of Maryland in 1995. The suit, filed on behalf of more than 14,000 current and former African American households in Baltimore City, charged that HUD had violated the Fair Housing Act by concentrating African American public housing residents in the most impoverished and segregated sections of Baltimore City. A progress report published in 2009 found that 1,522 families participating in the program had since moved to low-poverty racially-integrated neighborhoods, a number that has now increased to more than 2,500. Those moving reported significant improvements in their neighborhood environment, school quality, quality of life, and housing stability. The lawsuit was fully settled in 2012, and that settlement calls for an expanded Housing Mobility Program that serves 4,400 families by 2018, operated by a non-governmental organization, the newly formed Baltimore Regional Housing Partnership, Inc.

In addition to Thompson v. HUD, in 2002 the Maryland Disability Law Center filed Bailey v. Housing Authority of Baltimore City, charging discrimination against people with disabilities. The 2004 consent decree in that case has resulted in 755 accessible units of affordable housing in Baltimore City that are available to Housing Authority of Baltimore City (HABC) residents and applicants who have mobility disabilities.

In addition to the Baltimore Regional Housing Mobility Program, local jurisdictions in the Baltimore region, working together as the Baltimore Regional Fair Housing Group, recently adopted an innovative regional solution to dealing with the region’s impediments to fair and equitable housing. The Baltimore Metropolitan Region Analysis of Impediments to Fair Housing Choice (AI), adopted in 2012 and building upon the efforts of the previously-adopted 1996 Regional AI and 2002 Fair Housing Action Plan, outlines regional strategies for expanding housing choices within the region’s five jurisdictions. Similar documents have been prepared by jurisdictions receiving federal funds from HUD, but the Baltimore region is one of the few nationally where local jurisdictions have outlined a strategy for regional cooperation on fair housing issues. Baltimore’s Regional Fair Housing Action Plan outlines specific cooperative strategies for addressing inadequacies in public transportation, housing accessibility, and real estate advertising to foster fair access to regional housing opportunities. Appendix A to this document contains additional detail on the implementation status of the 2012 Regional Fair Housing Action Plan.

While finalizing the 2012 AI, the region’s local government persuaded the Baltimore Metropolitan Council to include funds for a regional housing coordinator in the BMC’s 2011 successful application for a HUD Sustainable Communities Regional Planning Grant. That coordinator has helped the local governments coordinate on the regional action steps in the 2012 AI and has assisted the Opportunity Collaborative consortium and consultant team in compiling this Regional Housing Plan and Fair Housing Equity Assessment. In addition, in 2013 the Baltimore Metropolitan Council won its first Fair Housing Initiatives Program (FHIP) grant to support education and outreach associated with the 2012 Regional Fair Housing Action Plan. The recommendations in Chapter 7 of this document include continuing to fund this regional infrastructure and continuing to convene the Collaborative’s Housing Committee after the expiration of the Sustainable Communities grant to continue progress implementing this plan.

As this history shows, in many ways the Baltimore region can be said to have a robust fair housing infrastructure, although securing funding for such efforts can be a challenge. There are local and state-wide organizations that have as their primary purpose ensuring fair housing rights. As well, significant local cases with federal consequences have been the subject of consent decrees or settlements, and there are a number of organizations that have direct responsibility or a significant interest in ensuring that housing consumers are able to access a fair housing market. Cases such as Thompson v. HUD and Bailey v. HABC have served to educate the general public as well as engaging federal, regional and local organizations regarding fair housing issues.
LEGAL AND ADVOCACY ORGANIZATIONS, CURRENT COMPLAINTS, AND ONE LAST SUCCESS

The region has a number of organizations that act both as advocates for protected classes and are able to pursue legal redress when they believe individual or group’ rights are violated. The American Civil Liberties Union of Maryland has fulfilled this role in their successful 2012 settlement of the 1995 Thompson v. HUD lawsuit and in their continued work with the Baltimore Regional Housing Mobility Program in carrying out the terms of the settlement. Similarly the Maryland Disability Law Center brought suit on behalf of non-elderly persons with disabilities in 2002 in Bailey v. Housing Authority of Baltimore City, and they entered into a consent decree in 2004. The Public Justice Center also works on fair housing issues together with the Homeless Persons Representation Project; they have led the campaign to enact “Source of Income” protection as part of Maryland Fair Housing Law.

Baltimore Neighborhoods, Inc. (BNI) plays a number of fair housing roles in Maryland. They produce educational materials and conduct trainings to help people understand their fair housing rights and to help housing professionals abide by them. They also help enforce the Fair Housing Act through paired testing, where similar applicants for housing – one of whom is a member of a protected class – see if they are treated substantially differently by property managers or owners, lenders, or real estate agents. BNI can also pursue private enforcement actions against housing providers, and receives Fair Housing Initiative Program (FHIP) enforcement funds from HUD. The Baltimore Regional Housing Campaign is a coalition of organizations, including the ACLU, BRIDGE, Citizens Planning and Housing Association, and the Innovative Housing Institute, that are working to increase access to opportunity in housing throughout the region. They do this through public education and by maximizing the value of the Baltimore Housing Mobility Program.

Many of these private organizations are involved in two 2011, still-pending fair housing complaints in the Baltimore area:

- The Baltimore Regional Housing Campaign in 2011 filed a complaint against Maryland Department of Housing and Community Development (DHCD) over its administration of the Low Income Housing Tax Credit program in the Baltimore area.
- BNI, the Baltimore County branch of the NAACP, and four citizens filed a complaint against Baltimore County over its handling of affordable housing in the county. The ACLU, Public Justice Center, Maryland Disability Law Center, Homeless Persons Representation Project, and the Legal Aid Bureau are all counsel to the complainants.

The most recent fair housing success in the Baltimore area was the passage of the Multifamily Rental Housing Programs Efficiency Act in the 2014 Maryland General Assembly. The 2012 Regional AI identified the required local resolution to support state financing of affordable housing as one of the most significant impediments to fair housing in the region. In fact, that local resolution requirement was a central focus of the 2011 complaint against Maryland DHCD. While Maryland DHCD changed that requirement somewhat in their 2013 revision to the Qualified Allocation Plan for distributing Low Income Housing Tax Credits, it was not until passage of the 2014 legislation that it was eliminated. The Maryland Affordable Housing Coalition, an association of affordable housing developers, played a critical role in proposing the change in the law, and then Maryland DHCD ultimately sponsored the bill.

PUBLIC AGENCIES

Public agencies serving the region also protect access to fair housing choice. The Maryland Commission on Civil Rights (MCCR) enforces Maryland’s anti-discrimination laws in employment, housing, public accommodations, and state contracts. The Department of Housing and Urban Development (HUD) investigates complaints of housing discrimination based on race, color, religion, national origin, sex, disability, or familial status. HUD will have a lead role in evaluating local jurisdictional response to the duty to Affirmatively Further Fair Housing (AFFH) after the current draft regulations are issued in final form and compliance with the new regulations is implemented by participating jurisdictions. In addition to MCCR and HUD FHEO, housing consumers can report housing discrimination to a number of local agencies. These include the Baltimore County Human Relations Commission, The Howard County Office of Human Rights (OHR), the Anne Arundel County Human Relations Commission, and the Baltimore City Community Relations Commission.
AREAS OF OPPORTUNITY

Opportunity mapping grows out of the idea that where one lives heavily influences one’s economic prospects, through quality of public education, neighborhood safety and resulting stress levels, employment options, social networks, and other factors.

HUD and others now use opportunity mapping to measure opportunity across a number of dimensions, and to visualize the “geography of opportunity” within the region. The Opportunity Collaborative contracted with the University of Maryland’s National Center for Smart Growth (NCSG) to conduct an updated analysis of opportunity for the Baltimore region. To paint a picture of the region’s opportunities, we examine maps of opportunity along the following dimensions:

- Education
- Housing and Neighborhood Quality
- Social Capital
- Public Health and Safety
- Employment and Workforce
- Transportation and Mobility

To assist with its work, the NCSG convened the Opportunity Mapping Advisory Panel (OMAP), a group of public and private Collaborative stakeholders, supplemented when possible by knowledgeable staff from other agencies and organizations. This panel met 14 times throughout 2012 and 2013 to help the NCSG identify and refine a range of variables to be used in the mapping. The NCSG also developed a methodology that incorporated OMAP member-suggested weights for each indicator under consideration. The Center combined OMAP member weights of indicators to create composite maps of each dimension of opportunity described above. The composite maps were combined to create a single opportunity map for the region, shown in Figure 22. The maps displayed below are taken from the “OMAP Technical Memorandum 2,” produced by the NCSG and available in Appendix C. That report provides more detail on the specific variables used to create each map.
The housing and neighborhood quality map (Figure 23) – whose underlying analysis assumed the highest weights for home value, gross rent, and vacant abandoned units - results in the five suburban counties all having an average tract percentile rank at least 50 percent higher than that of Baltimore City. Figure 24 shows the striking distinction in educational opportunity between Baltimore City and its surrounding jurisdictions.
In the social capital category (Figure 25), the OMAP process placed the highest weight on racial diversity, higher education levels and homeownership. The resulting map shows more high opportunity tracts in Baltimore City than in the education and housing maps. Baltimore City’s tracts still rank the lowest on the social capital index (26th percentile) while Howard County’s tracts rank the highest, (91st percentile). For the public health and safety category (Figure 26), the OMAP process placed emphasis on crime, low birth weight and access to green space. Consequently, the less urban Carroll County received the highest tract average score for this index, ranked in the 84th percentile. Baltimore City was the only jurisdiction to have an average public health and safety tract score below the 50th percentile.

**FIGURE 25 SOCIAL CAPITAL INDEX**

**FIGURE 26 PUBLIC HEALTH & SAFETY INDEX**
While Baltimore City exhibits lower than average levels of opportunity for the dimensions discussed above, its historic role as the region’s economic center cause it to rank higher than surrounding jurisdictions with regards to employment/workforce and transportation/mobility dimensions of opportunity. The employment and workforce index was heavily weighted towards the supply of and access to jobs. The OMAP transportation and mobility analysis heavily weights transit and non-motorized forms of transportation. See Figures 27 and 28.
The spatial differences along these dimensions of opportunity are significant. Health, educational, economic and social outcomes of residents differ depending on where residents live. For example, Vital Signs 12, the most recent indicator report for Baltimore City’s neighborhoods, reports that the average life expectancy at birth in Baltimore City was 73.9 years. The range among expectancy is 20-years, from a high of 84.4 years in Greater Roland Park/Poplar Hill to a low of 65 years in Downtown/Seton Hill. The infant mortality rate measured by Vital Signs 12 is the average number of deaths over a five-year period for persons under the age of one per 1,000 live births. From 2008-2012, the infant mortality rate was 9.7 in Baltimore City, but it was as high as 21.0 for the Pimlico/Arlington/Hilltop neighborhood.

**OPPORTUNITY AND COMMUNITIES OF COLOR**

Access to areas of high opportunity generally eludes people living in predominantly African American neighborhoods. The map shown in Figure 29 (opposite page) overlays the highest opportunity areas (those within the two highest quintiles of overall opportunity, as defined by the National Center for Smart Growth’s OMAP process) on majority African American neighborhoods. There is almost no overlap. This is a stark validation of the importance of opportunity mapping in helping to recognize the impact of racial separation on access to opportunity.

**ACCESS TO AREAS OF HIGH OPPORTUNITY GENERALLY ELUDES PEOPLE LIVING IN PREDOMINANTLY AFRICAN AMERICAN NEIGHBORHOODS.**

Areas of the region with high concentrations of persons of color combined with high percentages of persons in poverty are exposed to even fewer neighborhood resources, which restricts their upward social and economic mobility. Figure 30 (opposite page) displays the Composite Opportunity Map prepared by NCSG’s OMAP process. It focuses on the areas surrounding the city of Baltimore to compare the locations of racially/ethnically concentrated areas of poverty (RCAP/ECAPs, delineated in pink) and their levels of composite opportunity to surrounding census tracts. Fifteen of the 26 RCAP/ECAPs are located in areas with the lowest levels of regional opportunity. The three RCAP/ECAPs exhibiting the highest levels of opportunity are in the middle opportunity quintile. No RCAP/ECAPs are in the two highest opportunity quintiles for the region, although some are adjacent to high opportunity areas.

An analysis of six opportunity dimensions (see Appendix A for additional detail) shows how RCAP/ECAPs, and to some degree the entire City of Baltimore (where persons of color are a majority in most areas), have characteristics that diverge sharply from the average characteristics in the region’s five suburban jurisdictions.

- RCAP/ECAP census tracts exhibit consistently lower measures of school quality and educational achievement, compared to the city, the suburbs, and the surrounding region. With respect to the student-aged population, the disparities are largest for elementary and middle school children.
- Accordingly, RCAP/ECAPs overall have the lowest levels of educational attainment, highest percentage of single parent families, and the highest unemployment rates compared to other regional geographies.
- Despite having better access to hospitals and social services, RCAP/ECAPs on average have higher rates of respiratory illness and infant mortality compared to other geographies.
- While RCAP/ECAP census tracts as a group enjoy better access to employment and commute times under 30 minutes, they also have the highest unemployment rates. This may be related to the volume of job seekers with low educational attainment vying for the limited nearby jobs available to them.

**OPPORTUNITY AND HOUSING MARKETS**

The submarket analysis summarized in an earlier chapter finds that the healthiest housing markets exhibit the highest levels of opportunity, as measured by the OMAP composite opportunity indexes. A distribution analysis of opportunity by quintile, in Figure 31 (opposite page), shows the number and share of census tracts in each submarket that fall into each opportunity quintile. With the exception of the Recent Growth submarket, stronger submarkets have a greater share of their census tracts in the top two opportunity quintiles. The lower share of high opportunity tracts in the Recent Growth submarket reflects the low scores the region’s rural areas received for access to employment, transit, and racial diversity. The Pivotal and Stressed submarkets have a large number and disproportionate share of tracts in the lowest quintiles.
**FIGURE 29** OPPORTUNITY & MAJORITY-BLACK CENSUS TRACTS, 2010

Source: BMC, U.S. Census, ESRI Map created by the Housing Strategies Group, NCSG, 2013

**FIGURE 30** RCAPs/ECAPSs OVER OPPORTUNITY MAP

Source: BMC, U.S. Census, ESRI • Map created by the Housing Strategies Group, NCSG, 2013

**FIGURE 31** SUBMARKETS BY OPPORTUNITY QUINTILE

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Quintile 1</th>
<th>Quintile 2</th>
<th>Quintile 3</th>
<th>Quintile 4</th>
<th>Quintile 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>132</td>
<td>131</td>
<td>131</td>
<td>131</td>
<td>132</td>
</tr>
<tr>
<td>STRESSED, URBAN</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PIVOTAL, URBAN/SUBURBAN</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>STABLE, URBAN/SUBURBAN</td>
<td>13</td>
<td>26</td>
<td>52</td>
<td>40</td>
<td>70</td>
</tr>
<tr>
<td>RECENT GROWTH, RURAL/SUBURBAN</td>
<td>10</td>
<td>36</td>
<td>25</td>
<td>9</td>
<td>17</td>
</tr>
<tr>
<td>FAST GROWING, JOB/ACTIVITY HUB</td>
<td>8</td>
<td>16</td>
<td>24</td>
<td>64</td>
<td>33</td>
</tr>
<tr>
<td>HIGH END, EXURBAN</td>
<td>1</td>
<td>3</td>
<td>8</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER 6: HOUSING SUPPLY & NEEDS

Given the unevenness of the region’s housing market and the fact that it does not work for families with low-income service jobs in our metropolitan area, this chapter provides an analysis of the current affordable housing supply in our region. The analysis considers the needs of households at different points along the income spectrum to determine the geographic implications of opportunity and fair housing for current and future residents.

INCOME-RESTRICTED HOUSING STOCK AND RENTAL HOUSING SUBSIDIES

Housing assistance in various forms enables a rental housing supply that is priced at rents below what is possible through unsubsidized construction or the market-rate rents that landlords could receive. Subsidies may fund the ongoing operation of a property to make up for the gap between affordable rents and operating costs. Subsidies may be offered as vouchers to renters who choose which property to rent. Overall, the region’s inventory of units with a subsidy represents approximately 15 percent of its occupied rental units, and rent subsidy vouchers linked to a tenant, rather than a unit, are used by seven percent of the region’s renter households. There is some overlap between the two forms of subsidy.

Until now there has not been a centralized inventory of assisted housing units for the Baltimore region. Based on the inventory of assisted housing units collected for the Regional Housing Plan, the rental housing available to low income households in the region includes approximately 51,000 units of publicly and privately owned “hard units” that are income restricted as a result of their ownership and/or financing. About a third of the 51,000 units are financed in part using Low Income Housing Tax Credits (LIHTC), which continues to provide new, income-restricted multifamily supply that predominantly offers affordability to households in the 50 to 60 percent MFI range. Some LIHTC apartments are reserved for households with very low incomes. The other two thirds of the stock of assisted units are generally reliant on operating subsidies. Publicly-owned housing units primarily consist of Public Housing units, administered by five local housing entities: the Housing Authority of the City of Baltimore, the Housing Authority of the City of Annapolis, the Housing Commission of Anne Arundel County, the Havre de Grace Housing Authority, and the Howard County Housing Commission. Privately owned, subsidized units are funded by programs such as Project Based Section 8 and Section 202.

In addition to the “hard units” discussed above, there are approximately 25,000 vouchers, predominantly Housing Choice Vouchers (HCVs) currently funded by the U.S. Department of Housing and Urban Development (HUD). Vouchers are administered by agencies found in all jurisdictions in the region. The inventory includes 2,445 vouchers funded as an outcome of the Thompson v. US Department of Housing and Urban Development lawsuit. These vouchers may only be used in high opportunity areas to remedy the court’s ruling in the case that HUD failed to affirmatively further fair housing, resulting in a continued concentration of poor, African American households in the City of Baltimore. Vouchers allow households to seek market rentals at or below the Fair Market Rent levels set by HUD. A participating household pays up to 40 percent of their income towards their housing costs, and the remainder of the rent is subsidized. The inventory of vouchers includes some overlap with the “hard unit” inventory, since voucher holders can use vouchers to afford rents in LIHTC properties. Voucher holders often encounter landlords and management firms that do not accept HCV subsidies, limiting housing choice and reinforcing patterns of subsidized housing concentration.

Information was obtained from each jurisdiction’s Consolidated Plan, other information provided by the region’s jurisdictions and from other sources, such as the State Consolidated Plan. Information on publicly owned units and housing vouchers was provided by public housing authorities (PHAs) and housing commissions in the region through a survey that they completed. In order to provide a consistent data set, the spatial analysis of housing voucher use relied on a dataset provided by HUD called A Picture of Subsidized Households.

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25 The Westminster Housing Authority in Carroll County was not included in the PHA survey.
One can see from Table 14 above that 62 percent of all housing units with subsidies attached are located in Baltimore City, including 83 percent of all of the region’s public housing. Given the rates of poverty and minority concentration in Baltimore City, this concentration of subsidized units could raise fair housing concern.

### TABLE 14 INVENTORY OF SUBSIDIZED HOUSING IN THE REGION

<table>
<thead>
<tr>
<th></th>
<th>LIHTC (1)</th>
<th>OTHER SUBSIDY (2)</th>
<th>PUBLIC (3)</th>
<th>VOUCHERS (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>% of RENTER HHs (5)</td>
<td>#</td>
<td>% of RENTER HHs (5)</td>
</tr>
<tr>
<td>REGIONAL TOTAL</td>
<td>17,443</td>
<td>5%</td>
<td>20,268</td>
<td>6%</td>
</tr>
<tr>
<td>ANNE ARUNDEL</td>
<td>1,909</td>
<td>4%</td>
<td>1,898</td>
<td>4%</td>
</tr>
<tr>
<td>BALTIMORE CITY</td>
<td>9,887</td>
<td>8%</td>
<td>10,862</td>
<td>8%</td>
</tr>
<tr>
<td>BALTIMORE COUNTY</td>
<td>2,998</td>
<td>3%</td>
<td>3,803</td>
<td>4%</td>
</tr>
<tr>
<td>CARROLL</td>
<td>514</td>
<td>5%</td>
<td>371</td>
<td>3%</td>
</tr>
<tr>
<td>HARRFORD</td>
<td>945</td>
<td>5%</td>
<td>1,691</td>
<td>9%</td>
</tr>
<tr>
<td>HOWARD</td>
<td>1,190</td>
<td>4%</td>
<td>1,643</td>
<td>6%</td>
</tr>
<tr>
<td>THOMPSON VOUCHERS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1. LIHTC projects identified from various sources including Consolidated Plans, jurisdiction websites, Maryland DHCD BRAC housing studies, and Maryland ACLU.
2. Other subsidy includes project-based Section 8, Section 202 and all other privately owned, subsidized units identified through various sources.
3. Public includes public housing properties and other subsidized, Housing Authority-owned units identified through surveys of local Public Housing Authorities and Housing Commissions.
4. Vouchers include Housing Choice Vouchers (HCV) and other household-based subsidies administered within each jurisdiction. The HCV count is based on PHA/Housing Commission reporting of units leased within their jurisdiction, plus vouchers used in the jurisdiction but billed to other agencies. Thompson vouchers are used throughout the region. Carroll County count derived from A Picture of Subsidized Households, 2012, from HUD.
5. The percentage of jurisdiction’s renter households counted in the 2010 census.

Sources: U.S. Department of Housing and Urban Development; regional jurisdictions; Maryland Department of Housing and Community Development; Maryland ACLU; BAE, 2013.

GEOGRAPHIC DISPARITIES

One can see from Table 14 above that 62 percent of all housing units with subsidies attached are located in Baltimore City, including 83 percent of all of the region’s public housing. Given the rates of poverty and minority concentration in Baltimore City, this concentration of subsidized units could raise fair housing concern.

62 PERCENT OF ALL HOUSING UNITS WITH SUBSIDIES ATTACHED ARE LOCATED IN BALTIMORE CITY, INCLUDING 83 PERCENT OF ALL OF THE REGION’S PUBLIC HOUSING.

PRESERVATION CONCERNS

Unfortunately, the table of affordable units above is not a permanent inventory. While affordable units are added each year through Low Income Housing Tax Credits and State-funded programs such as Rental Housing Works, existing affordable units also expire. According to a database maintained by the National Housing Trust, the owners of 3,700 project-based Section 8 units have opted out of continued affordability since 1995. According to HUD, 8,200 units of public housing have been demolished in the region since 1995. While many of those units were replaced through HOPE VI redevelopment and vouchers, these figures demonstrate the challenge of preserving or replacing existing affordable units, particularly amid declining federal support for public housing and voucher programs.
AFFORDABLE HOUSING NEEDS

Table 15 (opposite page) provides a matrix summarizing the number of renter households within the defined income categories, the rent levels affordable to each category, and two indicators of unmet housing need. The first indicator is the number of renter households that face a severe housing cost burden, paying more than 50 percent of income towards housing costs, which leaves too little discretionary income for other needs. The second is the shortage of housing units affordable to renter households below the indicated income threshold, estimated by the Maryland Department of Housing and Community Development (DHCD) Office of Policy, Planning and Research. As in the market discussion in Chapter 3, this table also shows that the greatest need is for housing units for Extremely Low Income households. They generally have no market options available to them and rely on a pool of housing vouchers and deeply subsidized units that does not match demand. The indicators also suggest a substantial need for units for Very Low Income households, which have only limited access to market-rate options. The smaller shortage for households below 50 percent MFI compared to 30 percent MFI suggests that there is a greater supply of affordable rental units for the 30-to-50 percent income band in relation to need than for extremely low income households. However, in Howard and Anne Arundel Counties, the rental housing affordability burden extends to households in this somewhat higher income range, with 50 percent of households in the 30-50 percent of MFI segment experiencing severe cost burden.

THE GREATEST HOUSING NEED IS FOR THOSE WHO MAKE UNDER 30 PERCENT OF MEDIAN FAMILY INCOME (MFI) – EQUIVALENT TO A FAMILY OF FOUR EARNING $26,000 OR LESS. BOTH SEVERE HOUSING COST BURDEN AND STATE-CALCULATED UNMET NEED SHOW AN UNMET DEMAND IN THE REGION OF JUST OVER 50,000 RENTAL HOMES AFFORDABLE TO THESE HOUSEHOLDS.

In fact, looking at severe cost burden region-wide shows that 17,000 renter households in the 30-50 percent MFI range experience such a burden, along with 4,300 renter households in the 50-80 percent MFI category. As a result, the severe cost burden yardstick shows an unmet affordable housing need for about 70,000 lower-income renter households in the metropolitan area. Using such a significant housing cost burden may well underestimate the true need.
## Table 15: Affordability Benchmarks & Indicators of Unmet Needs for Renter Households

<table>
<thead>
<tr>
<th>Income Level (A)</th>
<th>Benchmark Affordable Monthly Rent (1 Person/4 Person HH)</th>
<th>Severely Cost Burdened Households (B)</th>
<th>DHCD Shortage of Affordable Units (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Extremely Low Income: Under 30% MFI</strong></td>
<td>Less than $450/ Less than $650</td>
<td>51,000 severely cost burdened households, or 61% of renters at this income level</td>
<td>51,000 units for households at or below 30% MFI threshold</td>
</tr>
<tr>
<td>• Approx. 90,000 Renter Households</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 26% of Region’s Renter Households</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 39% of Baltimore City’s Renter Households</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Very Low Income: 30-50% MFI</strong></td>
<td>$450-$750/ $650-$1075</td>
<td>17,000 severely cost burdened households: 30% of renters at this income level, and nearly 50% of Howard &amp; Anne Arundel’s renters at this level</td>
<td>48,000 units for households at or below 50% MFI threshold (including below 30%)</td>
</tr>
<tr>
<td>• Approx. 60,000 Renter Households</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 17% of Region’s Renter Households</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Low Income: 50-80% MFI</strong></td>
<td>$750-$1,200/ $1,075-$1,700</td>
<td>4,300 severely cost burdened households: 7% of all renters in this income category &amp; 12-15% of Howard &amp; Anne Arundel’s renters at this level</td>
<td>2,500 units for households at or below 80% MFI thresholds (including below 50%)</td>
</tr>
<tr>
<td>• Approx. 66,000 Renter Households</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 19% of Region’s Renter Households</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Moderate &amp; High Income: Above 80% MFI</strong></td>
<td>Above $1,200/ Above $1,700</td>
<td>About 1% of renter households at this income level</td>
<td>Not calculated</td>
</tr>
<tr>
<td>• Approx. 129,000 Renter Households</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 37% of Region’s Renter Households</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
- Household counts apply proportion of renter households in each income category from 2006-10 CHAS dataset; to 2010 Census count of renter households.
- “Severe cost burden” represents a housing cost that is equal or greater than 50 percent of household income.
- Calculation estimates available and affordable units for all households below threshold.

Sources: American Community Survey, CHAS dataset 2006-2010, 2010 U.S. Census, MD Dept. of Housing and Community Development; BAE, 2013

THE SEVERE COST BURDEN YARDSTICK – PAYING MORE THAN 50 PERCENT OF INCOME ON ONE’S HOME – SHOWS AN UNMET AFFORDABLE HOUSING NEED FOR ABOUT 70,000 LOWER-INCOME HOUSEHOLDS IN THE METROPOLITAN AREA.
ACCESSIBLE HOUSING NEEDS

Prorating their affordable need shown above by the share of the region’s population with a physical disability, DHCD also estimates a shortage of nearly 14,000 accessible units for disabled persons (elderly and non-elderly) in Extremely Low Income households in the six-jurisdiction region. Table 16 summarizes this information.

Other data sources provide other perspectives on accessible housing needs. Data from the U.S. Department of Housing and Urban Development (HUD) describe the percentage of households and persons in HUD-subsidized housing units who report a disability. In each jurisdiction, one quarter to one half of elderly and non-elderly households report a household head or spouse with a disability (of any type). Household incomes of persons in the region with mobility and sensory impairments are disproportionately lower than the region's households in general. A large share of persons with disabilities live in Very Low or Extremely Low Income households. Very limited options exist at this income level for affordable, market rate housing even for persons not requiring accessibility features. Demand far outstrips supply of subsidized housing units, and households at the lowest levels of incomes have the greatest challenges in paying for accessibility improvements.

Persons in nursing facilities (including elderly and non-elderly persons) represent an additional segment of the region’s population with compelling needs for affordable, accessible housing. Their numbers are not present in ACS statistics on the prevalence of disabilities within households. In the 1999 case Olmstead v. L.C., the U.S. Supreme Court held that public entities must provide community-based services to persons with disabilities when such services are appropriate; when the affected persons do not oppose community-based treatment; and when community-based services can be reasonably accommodated, taking into account available public resources. The Court found that unjustified segregation of persons with disabilities constitutes discrimination in violation of Title II of Americans with Disabilities Act, furthering the mandate to address the need for accessible, affordable housing for disabled persons within homes and communities. Maryland, like many states, is now working to address the implications of this decision, which has coincided with the general reduction in federal funds for affordable housing.

Housing units first occupied before March 13, 1991 are not subject to the provisions of the Fair Housing Act relating to people with disabilities, which require ground floor units in newly constructed apartments to be accessible, as well as all of the units in buildings with elevators. Baltimore is a typical older metropolitan area in the northeast, where the majority of units are more than 30 years old: 62 percent of the region’s housing was built before 1980. A slightly lower percentage of multifamily units (58 percent) were built before 1980. Older units are often more likely to pose accessibility and adaptability challenges, such as denser, vertically oriented floor plans and smaller rooms. Older apartment complexes may not be equipped with elevators, and new low-rise multifamily housing products are also often built without elevators if designed for a non-elderly population. Additional detail on unmet accessible, affordable housing need is available in Appendix D.

### Table 16: Estimated Shortage of Accessible Units by Jurisdiction Affordable, 30% MFI

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>&lt;30%MFI</th>
<th>30% MFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anne Arundel</td>
<td>1,319</td>
<td></td>
</tr>
<tr>
<td>Baltimore City</td>
<td>6,895</td>
<td></td>
</tr>
<tr>
<td>Baltimore County</td>
<td>3,856</td>
<td></td>
</tr>
<tr>
<td>Carroll</td>
<td>412</td>
<td></td>
</tr>
<tr>
<td>Harford</td>
<td>476</td>
<td></td>
</tr>
<tr>
<td>Howard</td>
<td>534</td>
<td></td>
</tr>
<tr>
<td>Total, Baltimore Region</td>
<td>13,492</td>
<td></td>
</tr>
</tbody>
</table>

Source: Maryland DHCD Office of Research

DHCD estimates a shortage of nearly 14,000 accessible units affordable at 30% median family income (MFI).
HOMELESSNESS

Of course, at its most extreme, housing cost burden can force a household into homelessness, and the lack of affordable rental housing is a primary cause of homelessness. Table 17 below shows the local government “point-in-time counts” from their 2013 applications to HUD for Continuum of Care Homeless Assistance Programs. Those one-night surveys indicate that the Baltimore region had more than 4400 people without a place to live. Because they only capture one point-in-time, and do not typically include people in abandoned buildings or on friends’ couches, they are likely an undercount.

<table>
<thead>
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**TABLE 17 LOCAL GOVERNMENT POINT-IN-TIME HOMELESS PERSONS COUNT**

STATE AND LOCAL SOLUTIONS

With declining federal support for affordable housing in recent decades, state and local mechanisms have become more critical. Local examples of these mechanisms include:

- **Rental Housing Works**: First created in 2012 in response to the drop-off in federal Recovery Act housing funds and in order to spur construction jobs and provide affordable housing, Rental Housing Works provides gap financing for both preservation and creation of affordable rental housing financed through the Maryland Department of Housing and Community Development’s Multifamily Bond and Low Income Housing Tax Credit programs.
- **Other State-Funded Programs**: These include the Multifamily Bond Program, Rental Housing Production Program (created 1986), Partnership Rental Housing Program (created 1988), and others.
- **Local Inclusionary Housing Programs**: In addition to Montgomery County’s forty year-old Moderately Priced Dwelling Unit (MPDU) program, Howard County created its Moderate Income Housing Unit (MIHU) program in 1998 and a handful of other jurisdictions have followed suit – Annapolis, Frederick, Baltimore City, with mixed levels of productivity. These programs create a requirement for affordable housing as part of new market-rate construction, offset with additional development rights on top of existing zoning and through other local, state and federal subsidies.
- **Local Housing Trust Funds**: A portion of Howard County’s transfer taxes are placed in its Community Renewal Fund. Although it is a dedicated source of funding for affordable housing that rolls over from year to year, it primarily funds the staffing of the County’s Housing Department, which receives no general tax funds. Montgomery County’s Housing Initiative Fund (HIF) is another example in the area. Funded by multiple sources including a portion of the county’s property taxes, HIF provides a flexible and relatively consistent source of financing for affordable housing in Montgomery County.
- **Requirements for the Use of Publicly-Owned Land**: Whereas requirements for development on privately-owned land are set primarily through zoning and other local land-use regulation, the government entities owning public land can set ground rules for its development. The 2012 Baltimore Regional Analysis of Impediments to Fair Housing Choice urges the Maryland Department of Transportation to require affordable housing for residential development on land it owns near transit stations. As State hospitals in the Baltimore region have been downsized in favor of less restrictive community-based alternatives, the State has also “surplus[ed]” and disposed of land that was formerly part of large hospital campuses, but rarely for re-use to meet affordable housing related needs.
FUTURE HOUSING NEEDS

Table 18 projects the number of net new renter and multifamily renter households annually based on the Maryland Department of Planning projections. The region is expected to add, on net, about 1,500 multifamily renter households annually until 2015, increasing to 1,800 in the 2015-2020 period due to a higher rate of overall household growth. The analysis assumes that the share of households that rent, and rent in multifamily dwellings, will remain stable in the short to medium term. However, trends relating to demographic shifts may impact the share of households who rent and occupy multifamily dwellings, potentially increasing demand. National trends include growth in elderly persons as Baby Boomers age, and formation of new households by Millennials, the cohort of children of Baby Boomers who are currently between the ages of 15 and 30. Corresponding to another national trend, the number of single person households in the region has been increasing and is expected to continue its increase. A trend towards pedestrian-oriented, transit accessible neighborhoods may also increase demand for higher density housing.

Assuming that the current pattern of income distribution holds for new households in the next several years, a significant share of new households will be low income: household growth will generate approximately 900 households annually earning less than 80 percent of MFI to 2015, rising to 1,100 households annually between 2015 and 2020. It is hard to predict the rate of growth for households in any income segment, as it will be based on the region’s future job creation and workforce development patterns. Growth in households at the low end of the income spectrum will be tied to growth in low wage jobs in the region, as well as new household formation among existing lower income households.

Future development of rental housing appears to be sufficient to meet needs, for those at 80 percent MFI and above. There is a pipeline of over 22,000 multifamily rental units under construction, planned or proposed, according to an inventory tabulated by Reis. Given the projected net growth in households detailed in the following chapter, this pipeline, if it were fully developed, would meet over 12 years’ demand for multifamily rental at the projected annual demand of 1,500 to 1,800 net new households seeking it. That supply does not count vacant housing that could be rehabilitated and filled at and near the region’s core, nor does it include developments not tracked by Reis. It also is not likely to help meet the affordable need, since new units are more expensive than older units. As noted above, nearly two-thirds of the region’s renter growth is projected to earn below 80 percent of median family income (MFI).

The region overall is getting older, and this trend is projected to continue. For most jurisdictions in the region, population is projected to remain steady in the 0-19 and 20-64 age ranges but significantly increase in over 65 age cohort. However, Baltimore City in particular follows a unique pattern different from the surrounding jurisdictions. For Baltimore City, the population under 19 is projected to decline between 2010 and 2040, the population 20 to 64 is expected to increase, and the population over 65 is expected to rise slightly but then return to 2010 levels by 2040. Figure 32 (opposite page) demonstrates age projection trends for each jurisdiction in the region.
OPPORTUNITY AND HOUSING AFFORDABILITY

The uneven distribution of assisted housing resources around the region impacts the opportunities available to households that use these resources – precisely the households in need of opportunities to advance their economic well-being. Figure 33 shows the pattern of family assisted housing units found throughout the region and Figure 34 displays units restricted to the elderly (age 62 and over) and single adults with disabilities. Assisted units are generally found in more developed areas of the region where multifamily housing is located. Elderly restricted units are most available in a slightly different spatial pattern, depending on the part of the region.

FIGURE 33 PUBLIC & PRIVATE SUBSIDIZED HOUSING OPEN TO FAMILIES ON COMPOSITE OPPORTUNITY MAP
FIGURE 34 PUBLIC & PRIVATE SUBSIDIZED UNITS OPEN TO ELDERLY/SINGLE-DISABLED ON COMPOSITE OPP. MAP
Voucher holders have the option to choose market-rate rental housing, and like other renters, their neighborhood choices are often influenced by rent levels, access to employment, educational resources, existing social networks, and similar location factors. However, unlike other renters, voucher holders are often constrained by other factors, such as landlords that choose not to rent to voucher holders, the complexity of using a voucher outside of the jurisdiction where it was administered, and the payment standards set by local public housing agencies based on HUD-calculated Fair Market Rent. Figure 35 (above) displays a map of voucher usage as a share of all households. The distribution of households using Housing Choice Vouchers is more dispersed than the distribution of income-restricted hard units in the region. When compared to the number of renter households, the use of Housing Choice Vouchers is concentrated in Baltimore City, as well as in spots around the region where rent levels, acceptance by landlords and other factors provide conditions where voucher holders are able to find housing.

Figures 36 through 38 show an analysis of assisted housing resources compared to the composite opportunity map quintiles. The analysis shows concentration of these assisted housing resources in lower opportunity areas.

**THE ANALYSIS SHOWS CONCENTRATION OF ASSISTED HOUSING RESOURCES IN LOWER OPPORTUNITY AREAS.**

The analysis reveals that:

Housing units – public and private – with a subsidy attached that are open to families, shown in Figure 36 (opposite page) have the lowest access to opportunity. Region-wide (the top bar), fewer than 20 percent of these units (4,185) are found in the top two opportunity quintiles, and more than 60 percent (14,960) are in the lowest two quintiles.

Figure 37 (opposite page) shows that voucher use provides only a slight increase in access to opportunity. Region-wide (again, the top bar), just over 20 percent of voucher holders live in the top two opportunity quintiles (4,807), but still more than 60 percent of voucher holders (14,664) live in the lowest two quintiles.

As shown in Figure 38 (opposite page) (again, the top bar), the subsidized units – public and private – with the highest access to opportunity in the Baltimore region are actually those that are restricted to the elderly (age 62+) and single adults with disabilities. More than 25 percent of these units region-wide (5,804) are located in the top two opportunity quintiles, and fewer than 60 percent of them (12,620) are located in the lowest two quintiles.
FIGURE 36 SUBSIDIZED HOUSING UNITS OPEN TO FAMILIES BY OPPORTUNITY QUINTILES

FIGURE 37 HOUSING CHOICE VOUCHER USE BY OPPORTUNITY QUINTILE

FIGURE 38 SUBSIDIZED ELDERLY/SINGLE DISABLED UNITS BY OPPORTUNITY QUINTILE
OPPORTUNITY AND MULTIFAMILY HOUSING PIPELINE

Figure 39 maps the multifamily housing project pipeline from the Reis inventory described earlier in this chapter, and Figure 40 (opposite page) analyzes these units by quintile from the composite opportunity map. In contrast to the subsidized housing analyzed above, this pipeline is almost entirely market-rate – the more expensive “Class A” new units described in Chapter 3.

Multifamily projects under construction, planned and proposed concentrate at the core of the region, as well as Anne Arundel and Howard Counties. This analysis shows almost the mirror opposite of the analysis of subsidized housing above: As shown below in Figure 40 (opposite page), more than 22,000 multifamily pipeline units region-wide (top bar on chart), or nearly 60 percent of total planned units, are located in the top two opportunity quintiles. Fewer than 20 percent (7,154) are located in the lowest two quintiles. Even in Baltimore City, more than half (5,761) of planned units are located in the top two quintiles, including many downtown units.

Because the identified pipeline is expected to provide sufficient multifamily development over the next decade to meet projected renter population growth – not considering income -- the map suggests that higher opportunity areas have the capacity to support future growth in lower cost, higher density housing. However, nearly all of the inventory from this source is planned as market rate housing, and likely to be unaffordable to the region’s lowest income households without an inclusionary zoning requirement or subsidy. In addition, it is not likely to contain many units with the three or more bedrooms needed for many families, leaving a need for other solutions.

FIGURE 39 MULTIFAMILY DEVELOPMENT PROJECTS IN PIPELINE
THIS ANALYSIS SHOWS ALMOST THE MIRROR OPPOSITE OF THE ANALYSIS OF SUBSIDIZED HOUSING ABOVE: NEARLY 60 PERCENT OF MULTIFAMILY PIPELINE UNITS ARE LOCATED IN THE TOP TWO OPPORTUNITY QUINTILES, AND FEWER THAN 20 PERCENT ARE LOCATED IN THE LOWEST TWO QUINTILES.

**FIGURE 40 MULTIFAMILY PIPELINE UNITS BY OPPORTUNITY QUINTILE**

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TWO LOWEST OPPORTUNITY QUINTILES | MIDDLE OPPORTUNITY QUINTILE | TWO HIGHEST OPPORTUNITY QUINTILES
OPPORTUNITY AND TRANSPORTATION INVESTMENT

The Baltimore Regional Transportation Board is the federally designated Metropolitan Planning Organization for the Baltimore region and coordinates a collaborative transportation planning process consisting of a vision (Imagine 2060) around which the goals and policies of a long range plan (Plan It 2035) are developed. The long range plan informs immediate implementation priorities and funding in the short-range Transportation Improvement Program (TIP). Figure 41 shows the location of major capital projects from the Plan It 2035 long range transportation plan and the TIP with respect to housing markets.

Overlaying the region’s LRP and the current TIP on the housing submarkets shows a general pattern of major road improvements in Fast Growing and Stable areas, as well as Recent Growth areas in the priority funding area (PFA) such as Eldersberg and Westminster in Carroll County. Major transit (such as the Red Line Light Rail) is the main type of improvement planned for in the region’s Pivotal and Stressed areas and may serve as a critical catalyst for investment in these submarkets.

FIGURE 41 HOUSING SUBMARKETS & TIP & LRP LOCATIONS BY RDPs
Source: BMC, U.S.Census, ESRI, Maryland Department of Planning • Map created by BNA-JFI, 2013

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26 For more information on the regional long range plan (LRP), see Plan It 2035 website http://www.baltometro.org/plans/plan-it-2035
27 For more information on the current regional short range plan, see the 2014-2017 Transportation Improvement Plan website http://www.baltometro.org/plans/transportation-improvement-program-2014-2017
It should be noted that the TIP and the long-range plan identify major transportation capital investments that will involve federal transportation funds – typically the largest transportation capital investments in the region, such as the Red Line and highway widening. Many significant transportation investments, such as the $700 million spent annually for transit operating funding in the region, are not shown. Similarly, smaller capital investments by the State and local governments, such as bicycle, pedestrian, and safety projects are not shown on the map. While on a significantly smaller scale, these projects can represent important opportunities for improving local access, opportunity, and quality of life.

Moving back to larger efforts, development of the region’s mass transit infrastructure and the areas surrounding transit centers is a critical element in connecting people to opportunity. Transit Oriented Development is a land use strategy that includes significant mixed-use, pedestrian-friendly development within a half-mile of transit stations. Transit can provide access to economic opportunity by linking residents with employment destinations and providing for job center growth at areas well served by transit. It can reduce the combined cost of housing and transportation by lessening the need to own an automobile. If affordable homes are made part of the transit oriented development program, lower income households will benefit directly and an important contribution will be made to reducing the affordable housing gap. It can contribute to improved health outcomes by encouraging the development of walkable communities and job centers. The benefits to public health and the environment can be further enhanced if transit oriented development reduces traffic congestion, and contributes to improved air and water quality.
Figure 42 shows the location of major rail lines through the region in relation to the highest composite opportunity areas. The map shows a concentration of transit in high opportunity areas heading north into Baltimore County and South near BWI and along I-95. Focusing affordable housing in these areas, as well as jobs, is an important step to improving the transit accessibility of employment for low income households. Affordable transit-oriented development, if focused on the areas that already have a large share of the region’s affordable housing, can add to concentrations of poverty along transit lines. Therefore, it is important that a strategy for affordable, inclusive transit-oriented development include – and emphasize – TOD sites in high opportunity areas where affordable housing is currently in shorter supply.

**FIGURE 42 MAJOR RAIL TRANSPORTATION LINES & STATIONS**

Source: ESRI, MTA Maryland • Map created by BNIA-JFI, 2014
In lower opportunity areas served by high quality rail transit, TOD has a role too in the event that the transit investment catalyzes substantial private investment and raises property values in the station area. In those situations, inclusive and affordable TOD can assure that lower income people are not priced out of the station area.

The map shows a concentration of transit in high opportunity areas heading north into Baltimore County and South near BWI and along I-95. Focusing affordable housing in these areas, as well as jobs, will be an important step to improving the transit accessibility of employment for low income households. In lower opportunity areas served by high quality rail transit, the station area can provide an anchor for new development and comprehensive investment that enhances opportunity.

There are approximately 13,500 development units planned for the region within ½-mile of existing rail transit stations. These units would be eligible for between 4 and 8 points under the Maryland Department of Housing and Community Development’s competitive process for awarding Low Income Housing Tax Credits, depending on whether or not they are designated Transit Oriented Development sites by the Maryland Department of Transportation.

These planned TOD units include 6,800 units in areas defined by the Maryland Department of Housing and Community Development as “Communities of Opportunity.” Identified through a composite indicator process with similarities to the opportunity mapping process in this plan, these Communities of Opportunity make proposed Low Income Housing Tax Credit projects eligible for another 16 points in the competition for tax credits. These TOD units include the following stations:

- Odenton (Anne Arundel Co) – 827 total units planned: 572 apartments & condos (including 60 affordable units for seniors), 250 town houses and five single-family homes near Penn Line MARC station.
- Owings Mills (Baltimore Co.) - Ultimately 1,700 residential units planned around Metro station; 232 apartments (1- and 2-BR) in Phase I that are in lease up.
- Savage (Howard, adjacent to Anne Arundel) - 416 apartments on approved plan near MARC Camden Line station; construction to start this spring.
- Dorsey/Oxford Square (Howard) - eventually about 900 units; starting construction this spring near Dorsey MARC Camden Line station.
- Laurel Racetrack/Laurel Park (Howard) - Laurel Park is still in plan review process, but could have as many as 1,000 units over time, and would include 15 percent moderate income units per Howard County MIHU program
- City of Baltimore: An additional 2,020 units in 56 projects planned within ½-mile of rail transit station in DHCD Communities of Opportunity.

An additional 6,700 units are planned in DHCD-designated Sustainable Communities – also eligible for 16 points in the Low Income Tax Credit competition, including:

- Aberdeen (Harford) - 518 residential units, including 105 affordable for seniors near Penn Line MARC station, according to City of Aberdeen Master Plan
- Reisterstown Plaza (Baltimore City) – 24 acres of land available; still in planning
- State Center (Baltimore City) - 1,400 mixed-income housing units planned near Metro & light rail stops
- Westport (Baltimore City) - 2000 residential units planned next to light rail stop
- Other projects in Baltimore City: 2,870 multifamily units within ½-mile of rail transit stations
The six objectives and recommended strategies described in this chapter follow from the analysis in the preceding six chapters. In that analysis we have described (1) the overall prosperity and growing diversity of our metro area, (2) our overall regional housing needs, (3) opportunity in our region and how it relates to our residents and to our current and anticipated housing stock, and (4) the widely varying housing market in our metropolitan area. Our objectives and recommended strategies are geared both toward helping people access the opportunity that currently exists in our region and toward increasing opportunity and quality of life in areas that are currently vulnerable and challenged.

Given these demographic and market realities, we have tailored the first four objectives to four particular portions of our metropolitan area. The fifth objective speaks to integrating this housing plan with workforce development and transportation, and the sixth objective looks forward toward implementation.

**OBJECTIVE 1: ADDRESS UNMET HOUSING NEEDS IN A WAY THAT FURTHERS FAIR HOUSING AND INCREASES OPPORTUNITY**

Key findings from this plan’s analysis include the following.

**A. Unmet Affordable Need:** Despite overall rental market affordability that reaches down in some cases to 60 percent of our region’s Median Family Income – for example, a typical firefighter supporting two children -- there is an unmet need for about 70,000 renter households who are now paying more than half of their income for their housing. Most of this need is for households that earn less than 30 percent the regional median, like retail sales staff and many hospitality workers.

**B. Unmet Accessible Need:** The 70,000-household overall need above includes about 14,000 low-income renter households with a member who has an ambulatory disability. Again, need is focused at extremely low incomes, such as a person living on disability benefits.

**C. Patterns of Segregation Hurt Opportunity:** The racial segregation patterns of our region established in many cases more than a century ago and reinforced in the early 20th century by government action, continue to weaken our region and hurt life opportunities for African American residents. We see that in the opportunity map of our region, and we see it in the subprime loan and foreclosure patterns of the recent housing market crash. These patterns have also contributed to outward migration trends that increase traffic and air and water pollution that threaten our health and that of the Chesapeake Bay.

Addressing these factors would make our region stronger than it is now and requires a focus on “high opportunity” areas in our region. Figure 43 (opposite page) shows high opportunity areas in two shades of orange. These high opportunity areas are the top two quintiles of census tracts in the opportunity map in Chapter 5 (p. 46). White and Asian populations are represented in these areas at higher percentages than in the region as a whole (71.8 percent and 8.4 percent respectively), Latino residents at about their regional percentage (4.6 percent) and African Americans at about half their share of the region as a whole (14.4 percent.) The darker orange areas are within the region’s growth areas, or Priority Funding Areas.

While housing alone cannot solve these challenges – increased incomes must play a role – there are actions we can take that will help families access the ladder of opportunity and create good jobs in our region at the same time. Using the variety of tools below will address our unmet housing needs in a way that counters the harmful segregation patterns that persist in our metropolitan area:
Impact of Inclusionary Zoning in the Region

How important could inclusionary zoning be to help meet the Baltimore region’s need for affordable housing for low-income families? There is an identified pipeline of 21,612 multifamily units, under construction, planned and proposed (and all 20 units or more). If all were subject to inclusionary zoning requirements along the lines of Montgomery County’s successful MPDU program, this pipeline could produce over 2,400 units affordable to households below 65 percent of MFI. The hypothetical estimate assumes a requirement of 12 percent affordable units, and a 6.25 percent affordable requirement on high rise construction (assumed to include only the pipeline units in downtown Baltimore). Most of the pipeline is located in the Fast Growing/Job Hub and Stable submarkets, which would account for over 1,900 affordable units. If the region also implemented Montgomery County’s policy to have the Housing Opportunities Commission purchase or rent one-third of the MPDUs, public agencies or non-profits in the region would have had the chance to add over 800 units of housing affordable to Very Low Income households (640 in the Fast Growing and Stable submarkets). The hypothetical calculation does not account for inclusionary requirements on new single family home construction.
WHILE HOUSING ALONE CANNOT SOLVE OUR REGION’S CHALLENGES, THERE ARE ACTIONS WE CAN TAKE THAT WILL HELP FAMILIES ACCESS THE LADDER OF OPPORTUNITY AND CREATE GOOD JOBS IN OUR REGION AT THE SAME TIME.

Recommended Strategies:

**a. Implement inclusionary zoning:** Additional suburban-jurisdiction inclusionary zoning programs that provide density bonuses for inclusion of income-restricted, below market units would help address the region’s unmet affordable housing need as well as each jurisdiction’s and the State’s duty to affirmatively further fair housing. Homes created should include deep affordability for persons with disabilities surviving on disability benefits and other extremely low-income households.

**b. Establish a State-level policy to include affordable and accessible housing as an integral element of transit-oriented development (TOD) planning and development:** Public transportation in this region represents unique State-funded value and transportation access in both high opportunity and disinvested areas. In addition, lower-income people are often four times more likely to ride transit than their higher-income neighbors – boosting usage of this infrastructure. People with disabilities can be especially dependent on transit infrastructure. All are key reasons to ensure that people of all income levels can participate in the opportunities associated with transit access and walkable, mixed-use communities.

**c. Provide enhanced incentives for inclusionary affordability at TOD projects,** including exploring regulatory and financial approaches at the State and local levels.

**d. Include affordable housing on surplus public lands:** When publicly owned land is deemed to be “surplus” and is planned for disposition, State and local governments should adopt a policy that requires, to the extent allowed under Federal and State law, a percentage of the land be used for affordable and accessible housing purposes. In recognition of the public benefits and responsibilities of providing affordable housing for citizens that are not served by the market, affordable housing providers (including non-profit organizations and public housing agencies) should be offered a first right of refusal to purchase property before it is offered to the highest bidder.

**e. Evaluate multifamily zoning in high opportunity areas:** Evaluate local land use to see if there is an adequate supply of zoned land for multi-family rental housing in high opportunity areas. If there is not an adequate supply, undertake master plan reviews and zoning map amendments to provide multi-family zoned land in opportunity rich areas. This evaluation can also address any shortage of accessible housing by promoting multifamily development that will include accessible units under the Fair Housing Act.
f. Collaborate regionally to meet identified need for people with disabilities: In addition to the actions above to address the unmet need for affordable, accessible housing, others include greater coordination between housing developers and service providers to better match accessible units to specific needs; continued regional collaboration to identify opportunities and marshal resources; and ensuring full utilization of dedicated funding sources to provide needed affordability, including Section 811 funds, Weinberg funds, resources from the Money Follows the Person program, and bridge subsidies available through DHCD.

g. Adopt a policy to avoid and mitigate affordable housing loss, and develop a plan to implement it. The magnitude of the need for affordable housing demands that the region safeguard and grow the region’s inventory of deeply affordable housing. It is particularly important to preserve the limited affordable housing that currently exists in high opportunity areas. The stakeholders assembled to develop the Regional Housing Plan will continue their work to implement a more specific regional preservation and replacement policy. With a policy goal of zero net loss of units affordable to households at 50 percent MFI and below, this effort would identify units most at risk, develop strategies to maintain their continued affordability, identify replacements in high opportunity areas and/or provide vouchers and mobility counseling to affected families. A replacement policy was also recommended by the Action Plan in the 2012 Regional AI.

h. Target federal and state affordable housing funds to high opportunity areas: As already recommended in the Regional AI, the use of federal and state funds for affordable housing in high opportunity areas should be prioritized and facilitated. This includes housing production programs such as LIHTC, HOME and FHA’s new Multifamily Demonstration program being modeled in the Baltimore region, through which developers building FHA insured market rate apartments are eligible for underwriting incentives if they set aside a minimum of 10 percent of their units for voucher holders. Increasingly, state housing finance programs (RHPP, RHW and PRHP) are a key tool, as well as tenant-based housing vouchers.

i. Create local housing funds: Such programs, which can have dedicated funding sources, provide resources for needed affordability, including for persons with disabilities. Howard County’s dedication of transfer tax funds is one example. Another option could be State and local set-asides of a percentage of annual bond authorizations to support affordable housing, including for extremely low-income households.

High Opportunity Case Study: Burgess Mill in Ellicott City

Ellicott City is an ethnically diverse community in a high opportunity area of Howard County. More than 20 percent of residents are foreign-born, more than 60 percent have at least a bachelor’s degree, and more than 90 percent hold white collar jobs.

Burgess Mill is the Howard County-led redevelopment of the former Hilltop Apartments, a County-subsidized development in need of revitalization. The $38.7 million redevelopment completed in 2013 is comprised of 198 units, of which 91 are affordable at various levels, including some deep affordability. Funding sources include a loan from the federal New Issue Bond Program, 4% Low Income Housing Tax Credits, a State Rental Housing Partnership loan, a HOME Program loan, a grant for deep affordability through the Baltimore Regional Housing Program, and equity from the developer and the Howard County Housing Commission.

The units, which range from 814 to 1816 square feet are organized into multistory buildings to complement nearby Main Street Ellicott City. More info at http://burgessmillstation.com/
Inclusionary Zoning Best Practice: Howard County MIHU Program

Howard County’s MIHU Program is an inclusionary zoning program that requires developers of new housing in certain zoning districts to sell or rent a portion of the dwelling units to households of moderate income. MIHUs are sold or rented through the County Housing Department at affordable prices and rents.

A household of moderate income is defined as one whose household income does not exceed 80% of the Howard County median income for purchasers and 60% of the County median income for renters. The primary goals of the MIHU program are to increase the supply of housing that is affordable to households of moderate income in the County and to integrate that housing into all new communities. At the beginning of 2014 the median household income in Howard County was $108,844.

All types of dwelling units are available for purchase or rent, from apartment-style dwellings and condominiums, to townhouses and single-family detached dwellings. The purchase price and rental rate for each type of MIHU is calculated according to an affordability formula established by the MIHU regulations. MIHU prices are set twice a year. Currently sales prices range from a low of $103,908 for a one bedroom apartment to a high of $253,439 for a four bedroom detached home.

The MIHU program also provides alternative compliance options for developers, builders and management companies to encourage the development of low income rental and homeownership opportunities in the County. “Low income” is defined as less than 60% of the Howard County median income for units for sale and less than 40% of the Howard County median income for rental units. This is a novel innovation in inclusionary programs that permits developers to offer fewer units in exchange for deeper affordability. As of March 2013 the Howard County MIHU program has produced 253 affordable ownership homes and 624 rental homes. Most of these homes are complete, but some were still under construction at the time of that report.

j. Create a regional loan fund: Especially in an era of dwindling federal resources, the Region’s jurisdictions and PHAs, as well as private lenders, can maximize their impact by pooling some of their funds into a regional revolving loan fund. For example, the cost and time limited availability of suitable land is one of the most widely recognized barriers to affordable housing development in our Region. A regional loan fund could facilitate development by providing expedited access to purchase land for new construction, or properties at risk of losing affordability, until permanent financing sources are in place.

k. Create community land trusts for long-term affordability: In 2010 the Maryland General Assembly passed legislation that removed previous barriers to the creation of nonprofit community land trusts. Through ownership of land, such mission-driven organizations are able to maintain the housing on it as permanently affordable.

l. Pursue federal grants and new private funding opportunities: This would include advocating with the Maryland Attorney General for settlement funds, such as Citigroup’s $2.5 billion “consumer relief” fund and the pending Bank of America settlement. These resources could seed a trust fund for both renter and homeowner counseling.

m. Provide incentives for development of family housing in opportunity areas in the State’s Low Income Housing Tax Credit Guidelines. Recent changes to the Maryland Department of Housing and Community Development’s Qualified Allocation Plan (QAP) and rental housing program guidelines are a welcome first step to remove barriers to production of affordable family housing in high opportunity areas. However, they fall short of providing a set aside or the equivalent to ensure production in opportunity areas as recommended by the Regional AI, and may not offer enough incentives to developers to undertake these more challenging development projects. Opportunity Collaborative partners and the Regional Fair Housing Group should monitor the impact of the 2013 changes to the QAP and continue to advocate to ensure that intended outcomes are achieved.
n. Bolster deep affordability: Because the needs in our region are greatest at the lowest incomes, our action needs to be focused as well. Funding for the Maryland Affordable Housing Trust (MAHT), which focuses on households below 50 percent of State or Area Median Income, should be increased. In addition, Maryland’s Qualified Allocation Plan should offer additional points and developer fees – as employed in Philadelphia – to support development affordable to extremely low-income households. Both measures would also benefit people with disabilities who must survive on disability benefits.

o. Build capacity for scattered site ownership and management. Multifamily housing is not the answer to all rental housing needs, and is not appropriate to all neighborhood settings. The single-family housing stock (detached, townhomes, duplexes) provides the type and size of housing that is most appropriate for families raising children, and is most seamlessly integrated into lower density neighborhoods. As already recommended by the Regional AI, scattered site units in opportunity areas must be a key part of a comprehensive regional housing strategy, especially one that aims to attend to the needs of children and their families.

p. Evaluate policies that might prevent innovative affordable housing solutions for some households, such as home-sharing, small homes, and single-room occupancy.

q. Apply fair housing education and enforcement across the Region. Activities in the Action Plans of the jurisdictional and region-wide Analyses of Impediments to Fair Housing should be focused on removing barriers to diversity in these communities.

r. Support prohibiting housing discrimination based on a resident’s source of income statewide: This policy will increase choices for housing voucher holders.

s. Continue regional public housing agency (PHA) cooperation and coordination. The region’s public housing agencies (PHAs) will continue their collaboration, taking actions such as:

i. Submit a joint (or coordinated) request to HUD to allow all area housing agencies to use exception payment standards at the census tract level up to 120 percent of FMR where supported by the data, and where appropriate, to use payment standards above 120 percent of FMR.

ii. Implement a system in which voucher holders can rent across jurisdictional lines without porting their voucher to the new housing agency. The originating PHA will administer the voucher for the initial year, and at years’ end, the Region’s PHAs will coordinate a transfer of vouchers among agencies to agency of tenant’s new home jurisdiction.

iii. Establish a regional pool of project-based vouchers that will be used primarily in high opportunity areas and be coordinated with the State’s Low Income Tax Credit program to promote mixed-income developments.

iv. Consider adopting admissions preferences for families with children to access educational opportunity and to provide the housing stability and improved environments that are critical to early childhood development and lifelong health.

v. Coordinate to provide housing search assistance and stabilization services (“mobility counseling”) to families with children and families with a disabled household member. This effort will build on the Baltimore Region’s already established and nationally recognized mobility counseling program.
t. **Support efforts to reduce utility burden through conservation:** Because housing burden includes utilities, such as energy and water (if not included in rent for renters), efforts to reduce that burden will help make housing more affordable. Improved energy and water conservation, through both home design and retrofits and incentives for conservation habits, will help reduce housing cost burdens in the region while providing environmental benefits as well.

u. **Maintain an on-line regional affordable housing inventory database and one stop portal for families to submit applications.** Work with the assisted and market rate affordable inventory collected for this plan as well as DHCD’s data resources to track the region’s affordable housing, including housing accessible to people with ambulatory disabilities. Information can be further developed to track expiring subsidies, identify market rate units at risk of losing affordability as markets strengthen, and incorporate affordable housing preservation into local planning efforts. This on-line database could also form the basis for an on-line portal for families to submit applications, enhancing affirmative marketing efforts, enhancing diversity in developments and the surrounding neighborhoods and making it easier for people with disabilities to initiate the application process.

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**Preservation Best Practice: Montgomery County Housing Opportunity Commission Purchases**

Parts of the Maryland Condominium Act protect against the sale of a rental facility for condominium conversion, which may adversely affect the rental housing market potentially resulting in tenant displacement. The Maryland Condominium Act provides that a county or incorporated jurisdiction may enact laws, ordinances and regulations giving the county or jurisdiction the right of first refusal to purchase a rental facility. In Montgomery County, this authority has been used with some frequency, because of the extremely constrained market for affordable rental housing. Sales of rental facilities in the county automatically trigger rights of first refusal to purchase the rental facility not only to the county and the Housing Opportunities Commission, but also to tenant organizations and tenants.

The right of first refusal has been used by the Housing Opportunities Commission to purchase both existing federally assisted housing and market rate housing that serves low and moderate income households. The Commission characterizes the non-federally subsidized housing as “Opportunity Housing” and utilizes a variety of resources to help maintain rents affordable to low and moderate income households.

In addition to the occasional exercise of the right of first refusal, the county also negotiates the direct purchase of rental housing with willing sellers, who may obtain additional tax benefits by selling to a public entity.

Two examples of public acquisition/preservation of affordable housing in Montgomery County are Stewartown Homes and Montgomery Arms Apartments. Stewartown Homes was assisted under the federal Section 236 program but was dilapidated and partially uninhabitable when the Housing Opportunities Commission purchased it. With the assistance of the County’s Trust Fund, it was rehabilitated and recapitalized and now provides 94 quality homes for lower income families. Montgomery Arms Apartments was an existing non-subsidized apartment community in downtown Silver Spring. Built in the 1940s and considered historic, it served moderate income households many of whom worked in the nearby businesses. It was purchased by the Housing Opportunities Commission with the assistance of $2 million loan from the County’s Trust fund. Now completely rehabilitated it continues to serve moderate income households.
OBJECTIVE 2: SUSTAIN THE REGION’S DIVERSE COMMUNITIES

While our region continues to show high levels of racial segregation, as described in Chapter 2 there are areas – primarily in suburban communities – where increasing African American population in historically white areas has resulted in areas with a black-white balance roughly similar to that of our metropolitan area. These places – when found in designated growth areas, or priority funding areas (PFAs) – are shaded in blue on Figure 44. Sometimes these areas also have relatively high Asian and/or Latino population as well – noted on the map with diagonal hash marks, making them more “global neighborhoods. These are generally areas of high opportunity with strong housing markets and are uniquely valuable portions of our region. This objective seeks to bolster and preserve these areas as attractive places for people of all backgrounds to settle, countering historic regional patterns of white flight, re-segregation, and lower opportunity.

FIGURE 44 RACIAL & ETHNIC DIVERSITY IN PRIORITY FUNDING AREAS
Recommended Strategies:
a. Promote cross-cultural competency in the region. Given the changing demographics regionally and nationally, including increased immigration, all jurisdictions will need to develop effective ways of supporting diverse communities, by marshalling resources to implement initiatives, disseminate information and provide technical assistance. Potential activities could include trainings, data analysis and monitoring, as well as collaboration with local schools and agencies, community leaders and community-based institutions.

b. Market and celebrate existing diverse neighborhoods to keep them strong. Housing markets are strongest where the pool of potential buyers is the largest and includes people of all races and ethnicities. Efforts to highlight the region’s most diverse, successful neighborhoods can include neighborhood festivals, homebuyer marketing efforts and local media campaigns, for example. The region should also explore pro-integrative mortgage financing and other strategies to combat flight and to encourage families to seek out housing in neighborhoods where they would contribute to the neighborhoods diversity, but which they might not otherwise consider.

c. Maintain/Create Quality Infrastructure: Ensure that high quality infrastructure, including school and recreational facilities and transportation infrastructure is maintained or created in neighborhoods that are becoming more diverse to combat the perception that diversity leads to disinvestment. Target these areas for new school construction, libraries, recreation facilities, and other public amenities.

d. Market foreclosure prevention to minority homeowners living in high opportunity areas. Given the disproportionate impact of foreclosure on minority families, foreclosures among families of color in diverse, high opportunity communities have the double impact of destabilizing the communities and exacerbating racial wealth gaps. Homeownership counseling agencies should proactively reach out through churches and community associations in these communities to provide this valuable service.

e. Pilot Oak Park-type integration strategy in communities that value diversity: For 40 years the Chicago inner suburb of Oak Park has pursued a racial integration strategy that has maintained the town’s diversity and attractiveness and forestalled white flight. Working with its county jurisdiction and a nonprofit organization, a diverse Baltimore-area community could pilot affirmative marketing of rental properties, assisted by a fund to help ensure quality maintenance, as done in Oak Park.

f. Preserve affordable housing to help preserve diversity and opportunity.

Diversity Success Story: Oak Park, Illinois

In the late 1960s, faced with rapid racial change just over the Chicago city border on its east side, the suburban village of Oak Park decided proactively to become an open, diverse town without succumbing to white flight. It established a Community Relations Commission and department to promote open real estate practices, and it also instituted policies and resources to maintain a diverse community:

- A Village diversity policy statement
- Marketing of Oak Park as a diverse community
- The nonprofit Oak Park Regional Housing Center, whose mission is to market rental housing in a way that promotes racial integration
- Licensing of multifamily housing, code enforcement, and rehabilitation grants to maintain high-quality rental housing
- Limited rental reimbursement for landlords to allow time for affirmative marketing
- Village-wide schools to maintain diversity
- Homeowner equity assurance program that has never been tapped.

In fact, while the goal requires constant effort, having maintained a stable, integrated community that mirrors its metropolitan area has made this community of 52,000 people desirable and popular, maintaining property values for all through the recent recession.
OBJECTIVE 3: BOLSTER VULNERABLE COMMUNITIES

This objective focuses on older, established neighborhoods and communities in the region that have many appealing qualities, including close proximity to jobs and a range of affordable housing choices, but are threatened by moderate poverty rates and lack of investment. They are not yet marked by substantial vacant housing, but are vulnerable to decline if not bolstered, often with relatively modest levels of public investment. These areas are noted in green on Figure 45. They include the Pivotal submarket noted in Chapter 2, the portions of the Stable submarket that are not in the top two quintiles of the opportunity map in Chapter 5, and other tracts based on rates of poverty, vacancy, and foreclosure, as well as median housing value. These areas have a relatively low share of white (39.9 percent) and Asian (2.9 percent) residents compared to the region as a whole, a share of Latino residents slightly higher than the regional average (5.4 percent), and a relatively high percentage of African American residents (51.0 percent).

Recommended strategies build on the assets of targeted neighborhoods and employ market-based approaches to maintaining their vibrancy.
Neighborhood Revitalization Best Practice: Healthy Neighborhoods

In the late 1990s, as Baltimore finished a decade with the sharpest population loss of any sizeable U.S. city, several foundation and community development leaders wondered if the City needed a new arrow in its neighborhood revitalization quiver. A new, market-based approach known as “healthy neighborhoods” had gotten promising results in Battle Creek, Michigan earlier in the decade, and so several foundations brought its architect, David Boehlke, back to Baltimore.

With $1 million in demonstration funding, Healthy Neighborhoods, Inc. launched in 2000, applying this new strategy in six neighborhoods. In general, the healthy neighborhoods approach shifts from a focus only on a community’s greatest needs to a focus on the strengths from which it can build homeowner and market confidence. Instead of working to help only the neediest current residents, the healthy neighborhoods approach supports activities by a range of residents encouraging them to maintain their properties in a way that boosts their value and strengthens the market for new homebuyers.

Over ten years Healthy Neighborhoods, with support from the City of Baltimore, has partnered with 14 nonprofit community organizations working in 41 neighborhoods across the City. The organization helps these neighborhoods identify the blocks that will be most important in building the neighborhood’s attractiveness to new residents, and then it targets incentives, such as:

• Below-market loans for home improvement, acquisition and rehabilitation, and refinancing and rehabilitation
• Up to $10,000 matching grants for rehabilitation. (continued above right)

Healthy Neighborhoods combines those “target block” incentives with organizer staffing through a nonprofit partner that assists with critical block beautification projects and marketing. Banks meet their Community Reinvestment Act (CRA) responsibilities contributing to the Healthy Neighborhoods loan pools, which are guaranteed by local foundations that are also active on the Healthy Neighborhoods board of directors.

Over the past ten years, Healthy Neighborhoods has invested $106 million in private and public funds in 1,000 homes. It has also invested $6.1 million in operating support, grants, and interest subsidies. This community organizing and targeted investment boosted these fragile neighborhood markets in the mid-2000s and helped them stabilize and recover after the housing crash of 2008.
Recommended Strategies

a. Focus public interventions on increased housing investment in vulnerable communities. Using a variety of tools, state and local agencies can promote homeownership and increased housing investment. These tools include first time home buying initiatives; tax abatements for new multifamily development (such as the Baltimore City Market-Rate Rental Housing property tax credit); and workforce housing initiatives that are targeted to teachers, firefighters, and other moderate-income workers.

b. Preserve and revitalize affordable housing. Particularly in many suburban jurisdictions, affordable housing in vulnerable communities still represents a critical stock of housing. Similarly, private unassisted rental housing, including single family and small multifamily properties, house a large portion of lower income renters. Code enforcement and coordinated attention alone cannot preserve and revitalize older rental housing, but, if used as a constructive strategy in conjunction with incentives a constructive strategy in conjunction with incentives and technical assistance, it can help. Also needed are sources of stable, affordable financing for responsible owners to maintain and improve their properties. The region should explore the creation of a regional loan pool to make small scale, low interest loans to owners willing to upgrade their properties and maintain stable, affordable rents.

c. Maintain/Create Quality Infrastructure: Ensure that high quality infrastructure, including school and recreational facilities and transportation infrastructure is maintained or created in vulnerable communities. Target these areas for new school construction, libraries, recreation facilities, and other public amenities.

d. Begin periodic convening of local housing and school officials: Strong schools have a critical role in neighborhood quality and the housing market. Building on existing efforts such as Baltimore City’s work around the upcoming $1 billion 21st Century Schools construction program, a regional bi-annual convening of local housing and community development officials and school systems would highlight best practices, expand connections, and reinforce multi-faceted revitalization efforts.

e. Increase provision of homeownership preservation counseling in areas with high foreclosures. Target foreclosure remediation investments such as bank mortgage fraud settlement funds to moderate and increasing poverty areas. Intervention is needed to improve outcomes for families and help neighborhoods most at risk of falling into severe economic decline. This intervention will also address a regional housing issue that disproportionately impacts communities of color.

f. Invest in and strengthen neighborhood based organizations. New and existing organizations are on the front lines for providing neighborhood-based services and strengthening local housing markets. Investing in local organization start up, capacity building and projects can leverage the effectiveness of limited resources available for neighborhood revitalization.

g. Coordinate state and local neighborhood revitalization efforts. The Regional Housing Plan effort, the experience of the State-funded Baltimore Regional Neighborhood Initiative (BRNI) and Community Legacy programs, as well as the experience of locally-funded programs such as Baltimore City’s Healthy Neighborhoods have created a knowledge base about what works in neighborhood revitalization. This knowledge base can be used to promote a focused regional revitalization agenda in preparation for the 2016 General Assembly.
OBJECTIVE 4: BOOST OPPORTUNITY FOR PEOPLE IN HIGHLY CHALLENGED MARKETS

In general, severely market-challenged and depopulated areas of Baltimore City found in the Stressed submarket and racially concentrated areas of poverty (RCAPs) face challenges that are different in magnitude and kind from those faced by any other neighborhoods in the region. These areas are generally identified in blue on the accompanying map, although our analysis is by regional planning district and census tract, and it misses important fine-grain variations and pockets of strength within these areas. As described in Chapter 4 and Appendix A, this overall disinvestment and population loss are products of many 20th century public policies, broad housing market trends, and the decline of Baltimore’s traditional manufacturing base. They cannot be laid at the feet of the remaining inhabitants or viewed as the sole responsibility of Baltimore City.

FIGURE 47 HIGHLY CHALLENGED MARKETS IN THE BALTIMORE REGION
Compared to the region as a whole, these Highly Challenged Markets have low percentages of white (14.9 percent), Asian (2.5 percent) and Latino (3.2 percent) residents and a high percentage of African American residents (78.7 percent).

The number of racially and ethnically concentrated areas of poverty (RCAPs/ECAPs) has declined in the past decade, but remaining RCAPs/ECAPs still have low access to opportunity, with lower levels of educational achievement, a higher incidence of vacant and abandoned housing, higher housing cost burdens, and higher public health risks. Although there are significant market challenges facing RCAP/ECAP Census tracts, they are highly accessible to the region’s public transit, social institutions, and downtown jobs.

Recommended strategies for Highly Challenged Markets promote targeted and coordinated interventions to redevelop communities where market strength can be increased, improve safety and quality of life, build opportunity, and promote mobility for families (particularly those with young children) who desire to move.

**Recommended Strategies**

**a. Develop regional support for strategies to leverage private market activity and transformative investments.** Making significant improvements to the most stressed communities requires action that understands the market, builds from strength, and acts at a scale and in a sequence that can move that market. (See next two pages for case study of Oliver neighborhood.) Regional support for this kind of transformative and strategic investment in these communities will benefit the entire metropolitan area by reducing growth pressure at the fringe, traffic congestion, and need for services. Because of widespread vacancy, such strategies should be possible without displacing current residents, but anyone displaced by redevelopment should be assisted with a move to a high opportunity area and the choice to remain in the redeveloped area.

**b. Offer affordable housing resources to families desiring to move to higher opportunity areas.**

It is also important to recognize that for most distressed neighborhoods, transformative revitalization projects and measurable improvements in quality of life will be many years away. Resources and innovative solutions directed towards increasing mobility of families with young children who want to move from RCAPs/ECAPs and other distressed areas will support improved outcomes for children and a stronger future workforce. Strategies include building on the Housing Choice Voucher Program and the existing housing mobility counseling infrastructure to serve more families with children in stressed submarkets and RCAPs/ECAPs with housing vouchers and housing mobility assistance, especially if they are displaced or voluntarily seeking to move to higher opportunity neighborhoods.

**c. Work with communities to develop strategies for temporary use and management of the increasing vacant land parcels that remain after wide scale demolition.** An effective strategy for distressed neighborhoods must recognize the reality of population loss and the lack of market demand for properties. Demolition may be a necessary first step, but it is also important to use the vacant land for the most positive mid and long-term use while waiting for market demand to develop or other public uses to be identified.

**d. Where whole-block demolition is appropriate, work with residents in an effort to develop a strategy for nearby contiguous areas where the urban fabric is relatively intact.** While this strategy may not be viable in all areas of demolition, an effort could be made to designate more viable blocks where a critical mass of residents remain, often elderly homeowners, for rehabilitation and quality of life improvements for displaced residents who wish to remain in the neighborhood. The program could help them relocate to rehabilitated housing in designated investment blocks (e.g. providing a “house for a house” without an increase in the household’s housing costs).

**e. Maintain/create quality infrastructure in coordination with redevelopment plans and targeted investment areas:** Ensure that high quality infrastructure, including school and recreational facilities and transportation infrastructure is maintained or created in concert with other redevelopment and investment strategies. Target areas of focused redevelopment for new school construction, libraries, recreation facilities, and other public amenities.

**f. Leverage transit infrastructure to build market and access in low-income areas.** The introduction of premium transit through the Red Line provides a rare opportunity to build upon planned investments in a way that increases the market strength of areas adjacent to stations, attracts jobs, and improves nearby residents’ access to opportunity. Station area and transit network planning should advance as the Red Line advances towards implementation, and should focus on comprehensive, market-focused and equitable development, as well as access to employment and amenities.
**Revitalization Best Practice: Oliver**

With nearly half its residents below the poverty line and more than 96% of its population African American, the census tract that includes Oliver is one of the “racially concentrated areas of poverty” described in this Housing Plan, but a savvy public-private partnership is attracting new investment.

This partnership includes the faith-based Baltimoreans United in Leadership Development (BUILD); The Reinvestment Fund (TRF), a Philadelphia-based nonprofit; and the Baltimore City Department of Housing and Community Development (Baltimore Housing). The new approach brought by TRF was threefold: Understand the market, build from strength (in this case nearby Penn Station and Johns Hopkins Hospital), and act at a scale and in a sequence that will nurture a new market for homeowner and other private investment. Working together, BUILD, TRF, and Baltimore Housing analyzed the area and selected target blocks on which to focus.

At the same time, a number of private, small-scale developers saw the potential for a rebound in the area based on the large investment in the nearby East Baltimore Development Initiative just to the north of the Johns Hopkins medical campus. These developers brought private capital to the renovation, marketing and resale of traditional rowhomes in the Oliver community. The combination of the public, private, and not-for-profit actors created a critical mass of investment that reestablished a working, market driven real estate sector.

Baltimore Housing is also using its new Vacants to Value program, which began in 2010. With a focused staff, new web site, and quicker on-site auction capability, the City moved the properties it owned into the hands of the credible private developers noted above, like the new TRF Development Partners, Come Home Baltimore, and Blue Star Realty. Baltimore Housing also pressed its new code enforcement capabilities into service for blighted privately owned properties, issuing code violation citations (which are now issued more like parking tickets) in the target blocks. Many owners responded, but if they didn’t, the City put its receivership ordinance in motion, and the nonprofit receiver auctioned the property to a new owner who would take action. In some cases, targeted demolition of whole blocks was the only answer, replacing blight with temporary green space.

While improving the supply of housing on these blocks, the City is also working with private partners like Johns Hopkins to boost demand. With City homebuyer assistance of up to $10,000, and Johns Hopkins support for employees of up to $17,500, interest is up. And the effort goes beyond housing. The Department of Planning is coordinating capital investments. The City Department of Transportation is repaving roadways and repairing sidewalks and alleys. Recreation and Parks is planting street trees and improving local Madison Square Park. And the Baltimore Police Department has undertaken a sustained effort to target and keep at bay the street-level drug dealing that has plagued the neighborhood. Using all of these tools, even as poverty increased during the Great Recession in the census tract that includes Oliver, its targeted area has more than 150 new and rehabilitated homes. With 25 more blighted homes demolished, the vacancy rate has plummeted and homebuyer interest is rising.

Almost all of the new housing created has been sold to families below 120% of area median income ($85,600 for a family of four), with a few houses selling to new homeowners for more than $200,000. Poverty and lack of employment opportunities for residents continue to be major challenges for the Oliver neighborhood, but, in the midst of the worst housing crash in 70 years, this multi-pronged, coordinated public-private action has stimulated the first glimmers of private market interest in Oliver in decades.

**Opposite Page:** Public investment 2006-13, focused in a key area of Oliver, between Penn Station and Johns Hopkins Hospital, has spurred additional rehabilitation by private developers and succeeded in improving the private market for housing. As noted on the maps on the following page, according to Baltimore City’s Housing Market Typology, the targeted area and blocks around it, in red circles, have moved up from the weakest category (G).
OBJECTIVE 5: CONNECT HOUSING EFFORTS TO TRANSPORTATION AND WORKFORCE DEVELOPMENT

As noted at the beginning of this chapter, boosting incomes is an important part of making housing affordable in the Baltimore metropolitan area. While the upcoming Regional Plan for Sustainable Development will have formal recommendations for linking housing, workforce development, and transportation, several steps have emerged through the development of the Regional Housing Plan as unique opportunities to boost housing affordability in ways that link to transportation and workforce development.

a. Improve transit service to meet demand linking to jobs. This service should include circumferential service serving the Baltimore beltway area and other service between residential areas and job centers. This service will advance the objective of increasing access to opportunities for households with the fewest housing choices. It should also expand transit options in designated growth areas and neighborhoods with relatively high residential density (7+ units per acre) but which currently have little or no transit service.

b. Support transportation alternatives to connect people to jobs, such as affordable car ownership, vanpool, and ridesharing.

c. Maximize asset-building programs for people living in subsidized housing: Building on the experiences here in Maryland and in other states, maximize the benefit to voucher holders and public housing residents of HUD’s Family Self Sufficiency program and other efforts, helping families who want to increase their earnings save for future life investments (e.g. education, home down payment, small business start-up), and potentially make the leap from subsidized housing.

d. Establish a State-level policy to include affordable and accessible housing as an integral element of transit-oriented development (TOD) planning and development: Public transportation in this region represents unique State-funded value and transportation access in both high opportunity and disinvested areas. In addition, lower-income residents are often four times more likely to ride transit than their higher-income neighbors – boosting usage of this infrastructure. People with disabilities can be especially dependent on transit infrastructure. All are key reasons to ensure that people of all income levels can participate in the opportunities associated with transit access and walkable, mixed-use communities.

e. Provide enhanced incentives for inclusionary affordability at TOD projects, including exploring regulatory and financial approaches at the State and local levels.

f. Maintain/Create Quality Transportation Infrastructure: Ensure that high quality transportation infrastructure – including high quality public transit – is maintained or created, particularly in high opportunity and targeted revitalization areas.

g. Leverage Transit Infrastructure to build market and access in low-income areas. The introduction of premium transit through the Red Line provides a rare opportunity to build upon planned investments in a way that increases the market strength of areas adjacent to stations, attracts jobs, and improves nearby residents’ access to opportunity. Station area and transit network planning should advance as the Red Line advances towards implementation, and should focus on comprehensive, market-focused and equitable development, as well as access to employment and amenities.
OBJECTIVE 6: SUPPORT PLAN IMPLEMENTATION

For more than two years the creation of this Plan has brought local and state government officials together with nonprofit advocates, community development organizations, public housing agencies, and housing developers in a unique dialogue that facilitated a deep exploration of the data and a wide range of recommendations drawing on that data and the region’s experiences. The Housing Committee believes that this collaboration must be sustained and furthered if these recommendations are to be moved to implementation.

a. Continue convening the Housing Committee: The valuable set of stakeholders who have come together to develop this plan, potentially augmented by others, should continue to meet regularly in order to keep regional attention focused on this plan and shepherd it to implementation. This unique public-private effort will maintain momentum, help work through implementation challenges, and make sure relevant regional resources can be brought together to assist with continued progress.

b. Provide Housing Committee infrastructure support at BMC: Staffing at the Baltimore Metropolitan Council (BMC), funded through the Sustainable Communities grant from the U.S. Department of Housing and Urban Development (HUD) has been invaluable for convening the Housing Committee and facilitating development of this Regional Housing Plan. Funding must be identified to continue this function if the promise of this Plan is to be realized.

c. Integrate Regional Housing Plan elements into existing plans: In order to be implemented, the themes and recommendations from this plan should be integrated into existing plans, such as State Qualified Allocation Plan, local Consolidated Plans, and public housing agency (PHA) plans.

d. Develop metrics to track progress: This will enable monitoring of progress toward Plan goals over time.

e. Continue integration with workforce development and transportation: In order to capture the key innovation of the Opportunity Collaborative, integration of housing with workforce development and transportation must continue into implementation.

Implementation Case Study: Public Housing Agency Joint Request for Voucher Payment Standards

When the Baltimore Regional Housing Mobility Program was established in 2002 by the partial consent decree in the Thompson v. HUD fair housing lawsuit, HUD approved higher rent levels, or “Exception Payment Standards” around the region to enable voucher holders in the program to live in safer communities with good schools near where jobs are growing. While the housing choice voucher program was originally designed to give low-income families the ability to live outside the low opportunity communities that contain much of the country’s public housing, flat region-wide voucher limits often do not cover the rents in higher opportunity areas, even if landlords are willing to rent to a voucher holder.

Local public housing agencies in the Baltimore region often do not have the same HUD approval for rent payment standards as the Mobility Program, meaning their voucher holders often have trouble finding a home outside high poverty areas. That difficulty was noted as a regional impediment to fair housing choice in the 2012 Baltimore Regional Analysis of Impediments (AI).

Because of that impediment, the related recommendation in this Plan, and the difficulty their voucher holders were having finding a home, six area public housing agencies collaborated in September 2014 through the Baltimore Regional Fair Housing Group to request HUD approval for the same rent payment standards as the Regional Mobility Program. This is one of the ways Opportunity Collaborative members are already working to implement recommendations in this Regional Housing Plan.
The Opportunity Collaborative is staffed and coordinated by the Baltimore Metropolitan Council.

**CONSORTIUM MEMBERS**

City of Annapolis • Anne Arundel County • Annie E. Casey Foundation • Associated Black Charities • Baltimore City • Baltimore County • Baltimore Integration Partnership • Baltimore Metropolitan Council • Baltimore Neighborhoods, Inc. • Baltimore Regional Initiative Developing Genuine Equality (BRIDGE) • Baltimore Regional Transportation Board • Baltimore Workforce Funders Collaborative • Central Maryland Transportation Alliance • Citizens Planning & Housing Association, Inc. • Community Development Network of Maryland • The Coordinating Center • Enterprise Community Partners • Greater Baltimore Committee • Innovative Housing Institute • Harford County • Housing Commission of Anne Arundel County • Howard County • Maryland Affordable Housing Coalition • Maryland Department of Disabilities • Maryland Department of Housing and Community Development • Maryland Department of Planning • Maryland Department of Transportation • Morgan State University • University of Maryland National Center for Smart Growth • 1,000 Friends of Maryland