



FACT SHEET

Anne Arundel County Affordable Housing

Introduction and Study Background

The League of Women Voters of Anne Arundel County (LWVAAC) studies public policy issues of concern to the larger community of Anne Arundel County (AAC) and the City of Annapolis. These studies enable the League to articulate its public policy positions and to take action when opportunities arise.

The LWVAAC last studied affordable housing issues in 1992 and developed its position:

Action to secure affordable housing for low-income and very-low-income residents and special populations in Anne Arundel County and the City of Annapolis. Support for:

1. Rehabilitation of the existing housing supply to maintain the stock of affordable housing;
2. Meeting the housing and human service needs of special populations including, but not limited to, the homeless;
3. Increasing opportunities for people of low or moderate income; and
4. Ensuring an adequate stock of subsidized housing, and rental assistance and services for low and very low-income persons.

This Fact Sheet was developed by the LWVAAC Study Group on Affordable Housing by reviewing documents and conducting interviews as follows:

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- Melissa Maddox-Evans, Executive Director/CEO, Housing Authority of the City of Annapolis;
- Clifton Martin, Executive Director, Housing Commission of Anne Arundel County;
- Allison Pickard, Anne Arundel County Councilwoman, District 2; and
- Steuart Pittman, Anne Arundel County Executive.

Anne Arundel County in Context

AAC is the most centrally located county in Maryland. It borders on Baltimore City, Baltimore County, Howard County, Prince George's County, and Calvert County, as well as the Chesapeake Bay. The county has 533 miles of coastline, on the Bay as well as rivers and streams, creating opportunities for business and recreation. Annapolis, the state capital, is located within AAC, along with a number of other municipalities. The U.S. Army's Fort George Meade, Maryland's largest employer, is located on the county's western edge, and the United States Naval Academy is located in Annapolis.

In 2019, the County had 570,234 residents. The population was approximately 73 percent White, 18 percent Black, and 8 percent Hispanic or Latino, with smaller percentages of Asian and Native American residents. (Note: statistics will be updated after 2020 census results are released).

AAC's proximity to Baltimore and Washington, DC, makes it a home for commuters to both cities. Over the years, as job opportunities in the DC metropolitan area have grown in relation to the Baltimore area, the proportion of commuters to the Washington area has also grown.

Affordable Housing Needs in Anne Arundel

AAC renters are challenged to find affordable housing. In 2018, Maryland ranked fifth in the nation in the percentage of income devoted to rent, and more than 26 percent of the households in the county were renters. Eligibility for federal housing programs is determined by family income in relation to the *Area Median Income* or *AMI*, which is based on income information developed annually through the American Community Survey published by the U.S. Bureau of the Census. AAC is part of the Baltimore-Towson statistical area, where the AMI in 2020 was \$104,000.

Nearly one half, or 46 percent, of renters' households in AAC were considered "overburdened" because they paid more than 30 percent of their gross income for rent, leaving less money available for other necessities, including food, transportation, education, and health care. These renters include:

- Families who are eligible for public housing (including Housing Choice Vouchers), with incomes below 80 percent of the AMI. Although families with incomes below 80 percent of AMI are eligible to apply for public housing, nearly two-thirds of public housing residents have incomes below 30 percent of the AMI.
- Much of the public sector workforce in AAC, including health care workers, first responders, and teachers in the early years of their careers, who have incomes between 80 percent and 120 percent of the AMI, often commute to work from other counties where housing costs are lower than in AAC. The choice between high rents and long commutes contributes to turnover in the workforce.

- Senior citizens with limited incomes account for nearly one-third of public housing residents struggling to find affordable rental property.

The rent burden in AAC is intensified by the lack of public transportation, which requires residents to pay a high proportion of their remaining income for transportation. Residents in the county's northern areas can commute by train to Washington, DC, and a network of commuter buses serves Washington-bound commuters from communities close to Annapolis. But public transportation within the county is minimal.

Federal Funding for Affordable Housing

The U.S. Department of Housing and Urban Development (HUD), through the federal Housing Act of 1937, provides funding for affordable housing through a national network of 2,300 Public Housing Agencies (PHAs) nationwide to house eligible low-income tenants. In operating public housing, PHAs are subject to Section 3 of the Housing Act, which is designed to provide economic and employment opportunities to low and very-low-income residents, including public housing residents.

Public housing construction and maintenance is exclusively funded by Congressional appropriations. Because Congress has not adequately funded public housing for decades, public housing units nationwide have a combined backlog in repairs that now exceeds \$45 billion. In addition, Congress has not provided any funds to build new public housing units since the mid-1990s. The lack of funding for new public housing units makes it especially critical to preserve and rehabilitate existing public housing.

HUD's Housing Choice Voucher (HCV) program, often called Section 8, enacted in 1974, is the federal government's major program for assisting very low-income families (those earning less than 80 percent of AMI), the elderly, and disabled individuals to afford decent, safe, and sanitary housing in the private market.

Anne Arundel County is served by the Housing Commission of Anne Arundel County (HCAAC), while the City of Annapolis is served by the Housing Authority of the City of Annapolis (HACA). Vouchers are administered locally by public housing agencies (PHAs). When an applicant receives a voucher from the local public housing agency, usually after a long waiting period, s/he must find a unit on the private market that is affordable by using a combination of voucher and income. The owner of the rental unit enters into a Housing Assistance Payment contract with the PHA and signs a lease with the tenant. The key feature of the HCV program is mobility and portability, which permits people who hold vouchers to move to the jurisdiction of another PHA and retain their assistance.

Overall, the availability and quality of public and subsidized housing in the City of Annapolis and the County has been decreasing. Maintenance of public housing properties, many of them old and dilapidated, has been underfunded for years. HACA is working with private funders to renovate and upgrade its properties, converting all of its public housing to become available to tenants with vouchers and positioning the

communities to be healthy, viable, and sustainable for the next 20 to 30 years. At one public housing complex where conditions have led to litigation, HACA has recently demolished the housing and is partnering with a private contractor to replace it.

Support for Affordable Housing Beyond Public Housing and Vouchers

Inclusionary Zoning policies encourage the production of affordable housing through private development by setting aside some percentage of the floor area ratio or some share of residential units as affordable housing. New York City has long had an inclusionary zoning program to require developers to include Moderately Priced Dwelling Units (MPDUs) in some areas of the City. Likewise, Maryland's Montgomery County has programs to create MPDUs for both rental housing and home ownership. In these areas, homebuilders are required to set aside a certain percentage of affordable for-sale homes, while buyers of these units must meet specific requirements in maintaining ownership and eligibility, often over a period of 30 years.

Just one development in the City of Annapolis includes MPDUs. The enabling legislation for the MPDU project required that of 125 of the units for sale in new subdivisions, 10 or more units be sold or rented to homeowners with limited incomes. Because larger units are more profitable for developers, it is difficult to develop support for additional MPDUs. There is no plan to increase the number of MPDU projects in the City, and there is no mechanism to create MPDUs in the County.

Accessory Dwelling Units (ADUs) are secondary units located on the same lot as an owner-occupied, single-family home. They go by many names: accessory apartments, second units, in-law suites, granny flats, etc., and they may take many forms—such as a stand-alone structure in the backyard, a basement or other interior apartment, an addition or an apartment over a garage. ADUs are independent of the primary dwelling unit: smaller, equipped with kitchen and bathroom facilities.

ADUs help increase the housing supply. Since they are less expensive than a new single-family home on a separate lot, they tend to be more affordable for low- and moderately low-income residents. They also are often good solutions for the elderly or disabled persons who may want to live close to family members, as well as caregivers, empty nesters, or young adults just entering the workforce. Skeptics about the value of ADUs point out that they are unlikely to help the lowest income renters (at 30 percent of AMI and below), that they may cause schools to become overcrowded, and might cause parking issues in some areas. Some communities, including Santa Cruz, CA, and Barnstable, MA, have reported a positive impact on the availability of affordable housing from development of ADUs.

Zoning Changes can increase the proportion of housing units in areas that allow commercial, as well as residential, uses. These changes may become an important source of affordable housing in areas where vacant retail space may become available.

Housing Trust Funds are established by cities, counties, or states to provide dedicated, ongoing public revenue to support affordable housing. They provide a designated, continuing source of funding for construction and maintenance of affordable housing, and enable public agencies to leverage private funding to expand the stock of affordable housing. Key considerations for establishing Housing Trust Funds include community priorities, which may change over time; revenue sources; target populations; strong, broad-based coalitions; administration and oversight; and eligible uses.

The Maryland Housing Trust Fund was created in 1992. The focus is on very-low-income families with incomes of less than 30 percent of AMI. This fund issues maximum awards of \$75 thousand to non-profit organizations, PHAs, government agencies, and for-profit entities.

In Baltimore, for example, a charter amendment approved by the city's voters in 2016 established the Affordable Housing Trust Fund to support rental and for-sale affordable housing for very-low and low-income households. The legislation establishing the Trust Fund specifies that all revenue be used to help residents with incomes at or below 50 percent of AMI, and at least half of the funds shall be used to help those with incomes at or below 30 percent of AMI.

Funding for the Baltimore City's Affordable Housing Trust Fund is generated by a .06 percent excise tax on the transfer of real property and a .015 percent excise tax on the recordation tax for real property valued at or above \$1 million. Approximately \$13 million per year is expected to be generated through the new excise taxes. The City of Baltimore has allocated additional funding from its General Fund to help administer and support the Trust Fund.

Baltimore's Affordable Housing Trust Fund is overseen by a 12-member commission whose membership includes housing advocates, developers, financiers, and others with expertise in housing and community development. The Commission is charged with making recommendations to the city's Department of Housing and Community Development regarding the implementation, expenditures, and operation of the Trust Fund.

Affordable Housing for Seniors in Anne Arundel

As of 2019, 32 percent of all AAC households were headed by an adult over the age of 62. Of the AAC senior population, 15.9 percent, or about 67,484 older adults, are renters. In the county, the highest concentration of senior renters are found in the Glen Burnie, Linthicum, and Odenton-Crofton areas, with each at more than 30 percent.

Low-income seniors help to make up 46 percent of AAC tenants who are considered overburdened by rental payments. Rental housing is considered unaffordable if the rent payment and utilities combined are 30 percent to 50 percent of the household income.

In AAC, affordable rental options for seniors of moderate-income and low-income levels are limited, especially in the Annapolis area where 38 percent of the seniors reside. Monthly rental rates countywide fall in the range of \$1,000 to \$2,000 per month, depending on the zip code. In the densely populated Annapolis area, 18 percent of the rental rates exceed \$2,000 a month. These high rental rates are based in part on the County's AMI.

Unaffordable housing and lack of assistance for low-income seniors has numerous unhealthy outcomes such as skipping meals, limiting doctor visits, not filling prescriptions, and living in vulnerable situations ripe for elder abuse. Low-income seniors have limited opportunities to change in their status, such as finding ways to supplement or increase monthly income through better employment. Disabled seniors have even less hope for a better future.

For all who are disadvantaged financially, the need for affordable housing exceeds available resources. Once an individual has applied for public housing, the time on a waiting list is 2-years to 5-years.

In addition to the HCAAC and HACA subsidized public housing for seniors, several privately-owned senior communities in the County offer one- and two-bedroom units that rent to tenants who earn 60 percent or less of the area's median income. These include communities operated by private national nonprofits focused on socially-driven capital investment--working with developers to finance new construction and to rehabilitate mixed-use developments.

Enterprise, which is a large, private, national organization, provides affordable housing and other community services. It promotes its record of building and preserving 662,000 affordable homes and investing \$53 billion in communities nationwide. Several Enterprise projects are in AAC, including the redevelopment of the old Wiley Bates Junior High School in Annapolis that was abandoned for 20 years and then developed by Enterprise. (See sidebar on page 7.) Enterprise is also an active advocate at the federal level, recently calling on the Biden/Harris Administration to reverse past Executive Orders that hurt elderly renters.

Homes for America (HFA) also is a nonprofit housing organization with a mission to develop and preserve housing that serves limited income households, seniors, and persons with special needs. Founded in 1994, HFA is headquartered in Annapolis. Although, it has become a leader the mid-Atlantic region, completing over 80 rental housing communities with over 6,500 apartment homes, the majority of its properties are located in Maryland. HFA is recognized as one of the most productive and innovative affordable housing developers in Anne Arundel County. It's portfolio includes many types of properties: new construction on vacant or redeveloped land, the acquisition and rehabilitation of existing housing, and the conversion and rehabilitation of vacant buildings. HFA prefers to develop smaller-scale properties in attractive and solid neighborhoods with access to community opportunities, good schools, employment centers, transportation, and activities to facilitate community engagement.

HFA has developed a few properties with over 200 units, but properties of 60 to 80 units are typical. In addition, HFA developed a national model for establishing standards for delivering and monitoring resident services. It works with local partners to be closely connected to the broader community of which it is a part in order to provide a broad range of on- and off-site services.

Public-Private Partnerships Expand Access to Affordable Housing

The Federal Low-income Housing Tax Credit (LIHTC) program is a major source of funding for the acquisition, construction, and rehabilitation of affordable rental housing for low- and moderate-income tenants. LIHTC subsidies provide funding incentives for developers in the form of tax credits, rather than direct assistance to tenants.

The federal government issues LIHTC tax credits to state and territorial governments according to a formula. State housing agencies then award the credits to private developers of affordable rental housing projects through a competitive process. Developers generally sell the credits to private investors to obtain funding. Once the housing project is placed in service (essentially, made available to tenants), investors can claim the LIHTC over a 10-year period. The owner of a qualified building must rent either 20 percent of the units to households with incomes of 50 percent or less of the AMI or 40 percent of the units to households with incomes of 60 percent or less of the AMI. LIHTC credits to support affordable housing are issued in 4 percent and 9 percent values. The 9 percent credits are difficult to obtain: in Maryland, 55 developers competed for these tax credits in 2020 and only 18 could be financed across the state. The 4 percent vouchers require the

*The **Wiley H. Bates High School**, a cultural landmark in Annapolis, sat vacant for over 20 years. The school was built in the 1930's on land donated by Mr. Bates, a prominent African American businessman. Prior to desegregation, it was the only high school for African Americans in the Annapolis area. Because of its cultural significance, the school was listed on the National Register of Historic Places.*

The school has been creatively converted into a multi-use complex by Enterprise Community Development (ECD), which has expertise in "adaptive reuse" of abandoned historic structures, and its partner Northern Real Estate Urban Ventures, LLC. They developed the former classroom wings of the building into a 71-units for independent living for low-income seniors. Arundel Community Development Services, Inc. (ACDS) developed the remaining portions of the building into a Boys and Girls Club and a senior center managed by the County's Department of Aging.

The historic nature of the building, along with the very low-incomes of targeted residents, required ECD to put together an extraordinary variety of private and public funding sources. Private sector financing consisted of a construction loan from SunTrust Bank, a permanent first mortgage from PNC Bank, and tax credit equity through Hudson Housing Capital. The public sector financing includes an allocation of 9 percent Low-Income Housing Tax Credits (LIHTC) and secondary loans from both ACDS and Maryland Department of Housing and Community Development, plus both federal and state historic preservation tax credits. In a unique structure, ECD's non-profit real estate arm, Community Housing, Inc., purchased the state historic tax credits, yielding an additional \$700,000 for the project.

In addition, the project received a project-based voucher Section 8 contract for all 71 of the apartments from the Housing Commission of Anne Arundel County. Thirty-six of the units are restricted to residents earning up to 40 percent of the area median income, and the balance is restricted to residents at 50 percent of the area median income.

project to find additional resources from the private sector to close the financial gap before construction can begin. In Anne Arundel County, the Anne Arundel Affordable Housing Coalition engages private developers, public agencies and the AAC Housing Commission to develop and manage rental properties that offer on-site supportive services and activities for residents.

Arundel Community Development Services, Inc. works under contract with the county and acts as the county's Department of Housing and Community Development, with responsibilities for policies and program administration, and administration of federal, state and county grants. ACDS has the capacity to administer funds from a variety of sources, and also convenes coalitions to support residents in low-income housing and provides supportive services.

In 2021, ACDS has developed the Eviction Prevention Program to provide temporary rental and utility assistance for eligible renters whose employment has been impacted by COVID19. ACDS's function as a nonprofit allows it to expend Anne Arundel County General Funds, State of Maryland Video Lottery Terminal Funds, and federal Community Development Block Grant (CDBG) and the Coronavirus Aid, Relief and Economic Security (CARES) Act funds to provide the supports. Renters who live in public housing or have HCVs are not eligible for these supports since their rent is already subsidized by the federal government.

AAC General Development Plan (GDP): A Policy Framework for Affordable Housing

The AAC General Development Plan (GDP), also known as Plan2040, sets the policy framework to protect the natural environment; shape the development of the built environment, provides public services to promote healthy communities and support a diverse, resilient economy. The GDP has been developed with input from stakeholders in communities across the county. Examples of GDP policies relevant to affordable housing in the draft plan include:

- Built Environment Goal 11: Provide for a variety of housing types and designs to allow all residents housing choices at different stages of life and at all income levels.
- Built Environment Goal 12: Ensure the County's workforce, elderly, and other vulnerable populations have access to an adequate supply of housing that is affordable for a range of income levels. Particular attention should be given to meeting the needs of renter households earning 60 percent and below of AMI and homebuyer households.

Eviction: The Cost of Unaffordable Housing

The League of Women Voters of Maryland (LWVMD) studied affordable housing in 1982-1983 and stated its goal:

- Action to develop a state housing policy responsive to the need for more affordable housing and to clarify landlord/tenant relationships.

The Coronavirus pandemic has highlighted the growing threat of eviction, which takes place when a tenant is forced by the landlord to leave a property. Maryland law allows evictions as soon as 3 days after a missed rent payment, and does not require a landlord to give the tenant any kind of notice before filing an eviction lawsuit with the court. A state moratorium on evictions due to the economic fallout of the pandemic is continuing, but the threat continues.

A tenant can stop the eviction action by paying the rent in full, along with any late fees and court costs, by the day of the trial or hearing before the judge. If the landlord is successful, the tenant has four days to move out. If the tenant does not move out of the rental, the court will issue an order that allows the sheriff or constable to remove the tenant and the tenant's belongings from the rental unit. It is illegal for a landlord to remove a tenant without having a judgment from the court to allow the eviction to occur.

Maryland Governor Hogan issued an Executive Order extending the State's prohibition of certain residential and commercial evictions until Maryland's state of emergency comes to an end. Specifically, it prohibits the courts from ordering the eviction of any tenant who can show that their failure to pay rent was the result of the coronavirus disease. But the protection will not be extended to evictions unrelated to the pandemic. The eviction issue is receiving attention in the current Maryland General Assembly.

Tipping Point: Recommendations for the LWVAAC

A February 2021 article in *The New York Times* on the crisis in affordable housing included this observation:

“In city after city, studies have shown that homelessness has a distinct financial tipping point. As soon as the local rent burden reaches the point where renters on average spend more than a third of their income on housing, the number of people on the street starts to rise sharply.”

In 2020, 46 percent of renters in Anne Arundel County spent more than 30 percent of their income on rent. This level of rent burden should serve as a catalyst for action among public and private stakeholders.

This study group's research confirms and supports the LWVAAC position on Affordable Housing adopted in 1992. In the 2021 context, the need for affordable housing is more urgent than ever, calling for the LWVAAC to pay continued attention to the need for additional funding, both public and private, to secure affordable housing for low- and very-low-income residents and special populations in the County and the City of Annapolis.

Appendices:

Maryland Information on/Resources for Affordable Housing

Maryland Affordable Housing Coalition: a comprehensive website including links to Housing Associations, State and County Agencies and Offices.

<https://www.mdahc.org/Helpful-Links>

Anne Arundel County Affordable Housing Information/Resources

US Census Quick Facts for Anne Arundel County, MD (2010 to 2019): <https://www.census.gov/quickfacts/fact/table/annearundelcountymaryland,MD/RHI425219>

The Housing Commission of Anne Arundel County is dedicated to strengthening communities and improving the lives of Anne Arundel County citizens focusing on the ownership, management, sustainability and preservation of affordable housing:

<http://hcaac.com/wp1/>

- Senior and Disabled Properties
<http://hcaac.com/wp1/communities-4/senior-disabled-properties/>
- Family Properties
<http://hcaac.com/wp1/communities-4/family-properties/>
- Striving to Provide Quality Housing Choices and Affordable Communities: Draft of Five-Year Agency Plan FY 2020 – FY2024 for the HCAAC
<http://hcaac.com/wp1/wp-content/uploads/2020/01/FY2020-FY2024-Five-year-plan.pdf>

The New Faces of Affordable Housing Brochure: Produced by Anne Arundel Affordable Housing Coalition.

https://3f974634-5884-459a-a15f-e55a842cf05d.filesusr.com/ugd/5e7e24_97f13023730e44f28e8def9b678fcdc6.pdf

Affordable Rental Communities in Anne Arundel County: A List of Affordable Rental Units in the City of Annapolis and Anne Arundel County

https://3f974634-5884-459a-a15f-e55a842cf05d.filesusr.com/ugd/5e7e24_0a3a69baaeb34b598ecb8503e75feee3.pdf

National 100K Homes Program: The Anne Arundel County and Annapolis Coalition to End Homelessness have developed a permanent supportive housing model called Access Housing.

<https://www.aacounty.org/services-and-programs/national-100k-homes-program>

Work Force Housing

Patch Article: Low Wage Workers Can Forget Renting in Anne Arundel County

<https://patch.com/maryland/annearundel/low-wage-workers-can-forget-renting-anne-arundel-county>

On July 1, 2019 the Anne Arundel County Council passed Bill No. 54-19 to encourage developers to develop new and affordable workforce housing, AN ORDINANCE concerning: Zoning – Workforce Housing: <https://www.aacounty.org/departments/county-council/legislation/bills-and-resolutions/FINAL%20Bill%2054-19.pdf>

Accessory Dwelling Units

An informative website on Accessory Dwelling Units (ADUs) prepared in June 2008 for the HUD Office of Policy Development and Research by Sage Computing Inc of Reston, VA 20008. The authors examined six different approaches executed by six different jurisdictions all with seemingly successful ADU legislation and programs.

www.huduser.gov/portal/publications/adu.pdf

A May 2019 letter from Montgomery County (MD) Exec. Marc Elrich explaining pros and cons of proposed zoning changes designed to facilitate development of Accessory Dwelling Units in all Montgomery County residential zones.

<https://montgomerycountymd.gov/exec/newsletter/2019/5-30.html>.

The 2021 LWVAAC Affordable Housing Study Group was chaired by Jeanne Jehl with support from Kathy Larrabee, Abby Root, and Mary Vickery. Niecy Chambers served as counsel and technical consultant.