Addressing housing affordability

Joe Nathanson//December 27, 2024//

America has a housing affordability crisis. This issue was recognized as one of the leading concerns of voters in the recent national election, not that the outcome of that civic enterprise brought us any closer to seriously addressing the matter.

The U.S. Department of Housing and Urban Development uses as a measure of affordability housing, including utilities, which does not cost the occupants more than 30% of their household income. Recent estimates indicate that nationally about 21% of owner-occupants pay more than 30 percent and are described as “housing burdened”. For renters that rate rises to 50% who are housing burdened.

Looking at Maryland, according to Census Bureau data, 52% of the state’s renters were housing burdened in 2022 as were 23% of homeowners. Maryland’s leaders see the problem as a sluggish economy and an insufficient supply of added housing stock. By one estimate the state has a shortage of 96,000 residential units. Governor Wes Moore’s administration is attempting to tackle the affordability challenges with a range of measures.

The governor’s 2024 legislative initiatives resulted in the following legislation:
The Housing Expansion and Affordability Act provides incentives for the construction of new housing by removing barriers to development that have contributed to the current supply shortage. It focuses on modernizing land use law and expediting approval of housing as part of transit-oriented development and other strategic sites.

The Housing and Community Development Financing Act strengthens the state’s financing tools for tackling vacant houses and creates the Maryland Community Investment Corporation to target investments to low-income communities across the state.

The Renters’ Rights and Stabilization Act protects Maryland renters who are experiencing housing instability and includes measures to increase the costs of filing for evictions and reduces the costs of renters’ security deposits.

Ultimately, many of the strategies that are needed to make progress on housing affordability come down to the work of local jurisdictions and the private or nonprofit developers involved in housing construction. Here’s a look at some of the efforts being made by some of our larger suburban counties.

In October, the Anne Arundel County Council passed the Housing Attainability Act. This legislation is intended to create more affordable housing opportunities for county residents, especially those who provide essential county services, such as teachers, police officers and firefighters. A key provision of the law is that new developments with 20 or more units must set aside moderately priced dwelling units, at least 10% for homeownership units and 15% for rental units.

Baltimore County has wrestled with the issue of affordable housing for years and has been making progress recently. In one of his final acts before he heads off to take his seat in the U. S. House of Representatives, County Executive Johnny Olszewski issued an executive order requiring that new housing developments receiving any financial support from the county – e.g., loans, grants, payments-in-lieu of taxes, TIFs (tax increment financing) – must include housing units designated as affordable. More specifically, 20% of the units must be affordable, half serving those at or below 60% of the Area Median Income (AMI) and half for households below 80% of the AMI.

More immediately, Balmore County is allocating $8 million to help purchase a troubled Days Inn in the Towson area, which will be converted into affordable housing units. This 122-unit property will count toward the county’s goal of achieving 1,000 new or rehabilitated affordable rental housing units by the end of 2027.

Howard County has also recognized the housing affordability crisis. In June, Howard County Executive Calvin Ball established the Affordable Housing Working Group. The charge of the group was to recommend goals and establish criteria for a targeted incentive program that will spur affordable housing. The incentives might include density bonuses or setback relief to encourage affordable housing. Another area of focus was relaxing some of the constraints on development imposed by the county’s Adequate Public Facilities Ordinance. The Working Group detailed its recommendations in a report issued in November.

Many of the measures proposed by the state and local governments will take years to take effect and provide actual relief to burdened homeowners and renters. In the short term, one might hope that the Federal Reserve can continue to make progress in reining in inflation. And with the possibility of future lowering of interest rates by the Fed, we might see some relief in both mortgage rates and the costs of renting.

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