Partnership for Action Learning in Sustainability

Affordable Housing Preservation and Development Analysis for Rural Maryland

December 05 2023

Agenda

1. Introduction and objective
2. Problem Definition
3. Public Policy Approach to the problem
    3.1 Programs
    3.2 Stakeholders
4. Successful Cases
5. Recommendations

TITLE

Introduction and Objective

OBJECTIVES

Agencies involved

The Foundation of Social Policy research project, partnering with UMD's Partnership for Action Learning in Sustainability (PALS) and the Rural Maryland Council (RMC)

Main Objective

The primary goal of this report is to offer a comprehensive examination of the challenges and barriers associated with rural housing affordability.

First step

Assessing state policies from around the nation which have developed successful affordable-housing programs and provide details on implementation in Maryland.

Second step

Understanding the historical interventions of the government, the key stakeholders involved, and the primary beneficiaries of these programs

SECTION

Problem definition

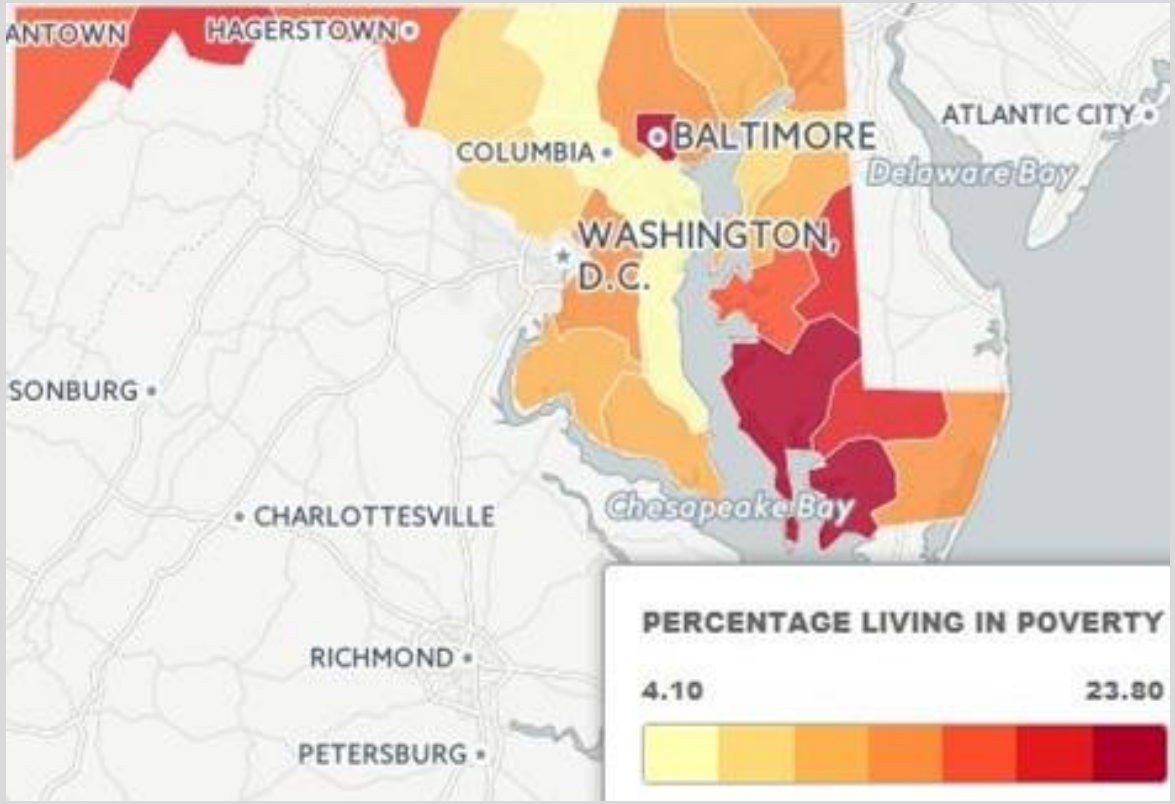
Maryland Housing Demographics

Lack of Starter Homes
Shortage of single or multi-family starter homes causes prolonged renting cycles

Stagnant Incomes
Employment rates and earnings in rural MD have been decreasing when adjusted for inflation

Unequal Distribution of New Projects
Development of local infrastructure in the state is absent in rural MD

Diminishing Quality
46% of MD homes were built before 1980, further increasing the costs of living and utility usage



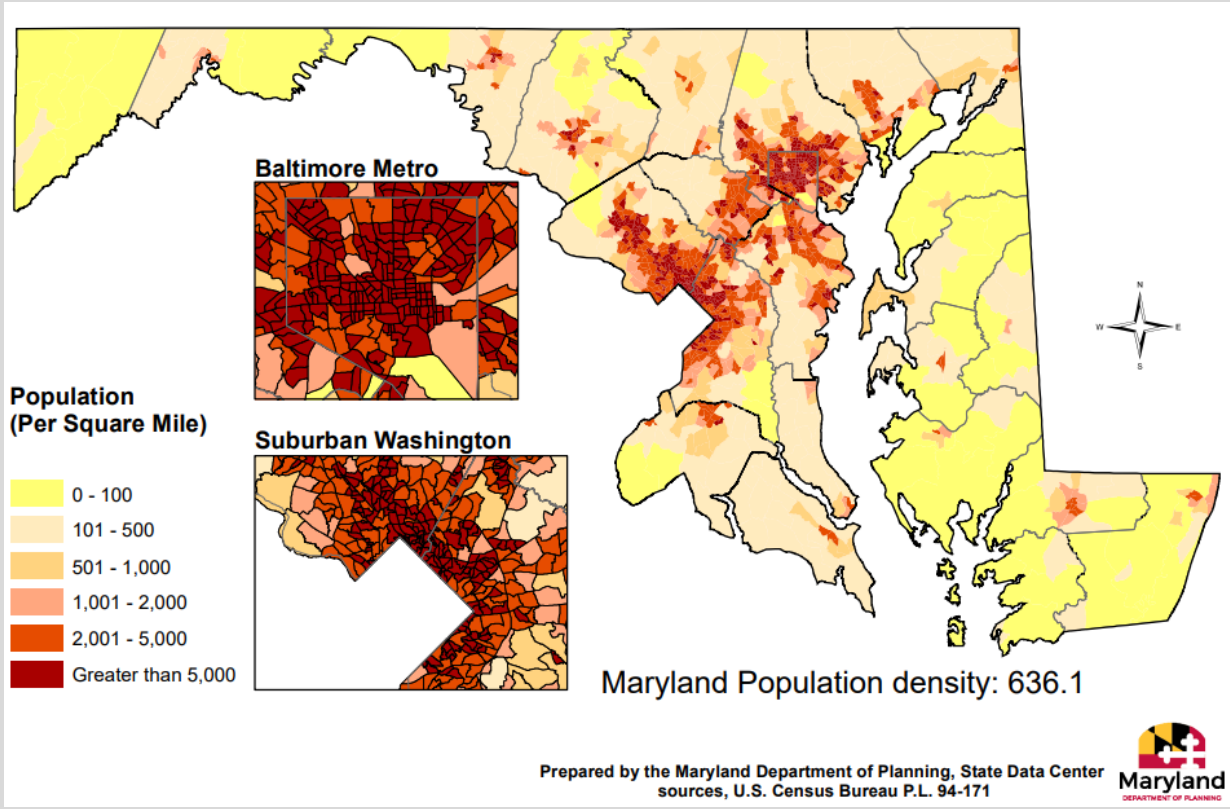
Socioeconomic Constraints

Southern Maryland

- Lack of starter homes and single-bedroom units, plethora of large, single-family homes
- Income has stagnated and cannot afford the available homes

Eastern and Western Maryland:

- Decrease in total employment and real median household income.
- Lack of new infrastructure to support developments and home construction.



Public Housing Affordability

Public Policy Approach to the problem

Rural Housing Affordability Portfolio

Federal Agencies
U.S. Department of Agriculture's Rural Development

Rural Housing Service (RHS) – Housing Act 1949

Composed by:

- Rural Housing Service
- Rural Utilities Service
- Business Group Service

Three main programs:

- Single Family Housing (SFH)
- Multifamily Housing (MFH)
- Community Facilities (CF)

For Rural Housing Development

Section 523/524 (SFH) Rural Housing Site Loans:

Loans to acquire and develop sites only for housing to be constructed by self-help method.

Section 521 (MFH) Rental Assistance Grant Program

Provides payments to owners of USDA-financed rural rental Housing of low incomes tenants unable to pay the full rent.

Section 515 (MFH) Rural Rental Housing Direct loans program:

Offers direct loans financing to purchase, construct, or rehabilitate, affordable Rental or cooperative Housing.

Section 542 (MFH) Rural Housing Vouchers

Available to provide tenant protections.

CF Grants, Direct Loans, and Loan Guarantees.

Provide affordable funding to develop essential community facilities in rural áreas.

CF Rural Community Development Initiative Grants.

Enables public or nonprofit intermediaries to provide program or financial assistance to low income rural communities.

Public Policy Approach to the problem

Main Messages from the National context:

The primary insight that underscores rural housing affordability challenges in the United States: it is fundamentally an economic issue rooted in the insufficient or low incomes of rural residents.

The recent reduction in financial support from the USDA's Rural Housing programs has precipitated a housing affordability crisis in rural areas.

The examination of rural housing affordability in Maryland should center on understanding the historical interventions of the government, the key stakeholders involved, and the primary beneficiaries of these programs.

Public Policy Approach to the problem

Key stake holders and Primary Programs:

- U.S. Department of Agriculture's Rural Development
- Rural Housing Service (RHS)
- Housing and Urban Development (HUD)
- Rural Partners Network (RPN)

Federal Government Agencies

- Partners for Rural America (PRA)
- State Rural Development Councils (SRDCs)
- The Rural Maryland Council (RMC)
- Department of Housing and Community Development (DHCD)

State and Local Agencies

- Public Housing Authorities
- Other nonprofit organizations

Nonprofit and Nongovernmental Agencies

Federal Government Agencies

01 **U.S. Department of Agriculture's Rural Development.**

Programs

- Single Family Housing (SFH)
- Multifamily Housing (MFH)
- Community Facilities (CF)

02 **Rural Housing Service (RHS)**

03 **Housing and Urban Development (HUD)**

Programs

- Housing Choice Voucher Program. (MFH)
- Rental Assistance Grant Program. (MFH)
- Rural Rental Housing Direct loans program. (MFH)
- Low Income Tax Credits

- Investment Partnerships Program (HOME) (CF)
- Community Development Block Grant Program (CDBG) (CF)

04 **Rural Partners Network (RPN)**

State and Local Agencies

01 **Partners for Rural America (PRA)**

02 **State Rural Development Councils (SRDCs)**

Programs

- Rural Maryland Prosperity Investment Fund (RMPIF)
- Maryland Agricultural and Rural Development Assistance Fund (MAERDAF)

03 **The Rural Maryland Council (RMC)**

Programs

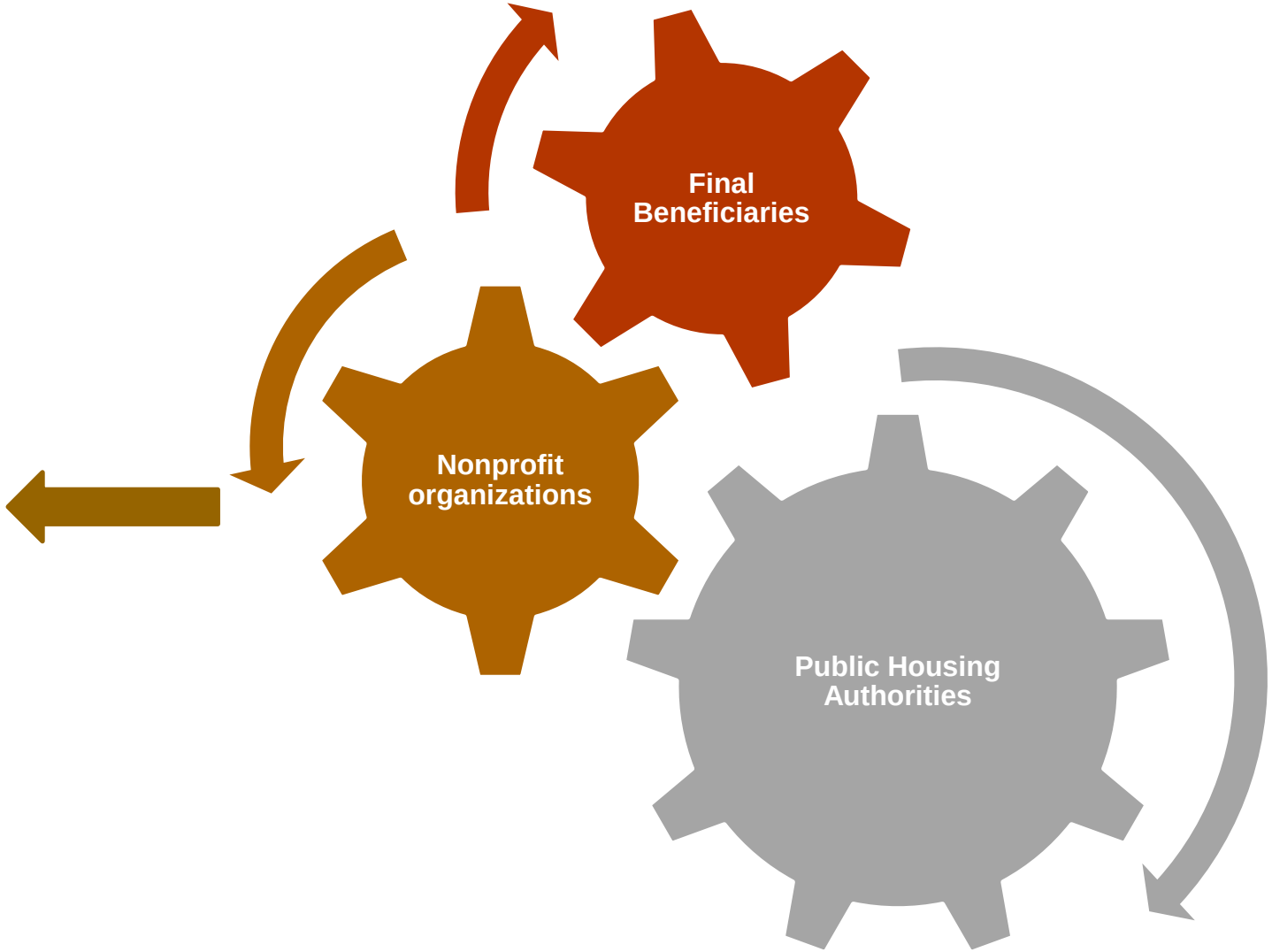
- Maryland Affordable Housing Trust (MAHT)
- Special Loans – Maryland Mortgage Program
- Other Affordable Housing Resources

04

- **Department of Housing and Community Development (DHCD)**
- **The Maryland Department of Planning**

Nonprofit organizations

1. The Maryland Rural Development Corporation (MRDC)
2. Habitat for Humanity
3. Main Street Housing
4. Lifestyle, Inc



Presence of Public Housing Authorities in Rural Counties in Maryland

72%

Of Rural Counties have Public Housing Authority

Four of eighteen have alternative authorities, and one does not have official authority.

	Allegany	Calvert	Caroline	Carroll	Cecil	Charles	Dorchester	Frederick	Garrett
Public Housing Authorities		Housing Authority of Calvert County		Carroll County Housing & Community Development	Cecil County Housing Agency	County Commissioners Charles County	Dorchester County Housing Authority	Frederick Housing Authority	
Alternatives Housing Authorities	**The Cumberland Housing Group**: The Housing Authority of The City of Cumberland, The Cumberland Housing Alliance, Inc., and The Cumberland Neighborhood Housing Services, Inc		Queen Anne's County Housing Authority, Housing Commission of Talbot, or Cambridge Housing Authority.						Garrett County Community Action

	Harford	Kent	Queen Anne's	Somerset	St. Mary's	Talbot	Washington	Wicomico	Worcester
Public Housing Authorities	Harford County Housing Agency		Queen Anne's County Housing Authority		Housing Authority of St. Mary's County	Housing Commission of Talbot	Housing Authority of Washington County	Wicomico County Housing Authority	Worcester Housing Authority
Alternatives Housing Authorities				Department of Technical and Community Services					

Presence of nonprofit organizations in Rural Maryland Counties

Their presence is not uniformly distributed, with Somerset and Worcester lacking any of these organizations.

Source	Programs	Non Profit Organizations	Allegany	Calvert	Caroline	Carroll	Cecil	Charles	Dorchester	Frederick	Garrett
Federal Funding	(HOME) and (CDBG)	The Maryland Rural Development Corporation (MRDC)									
		Habitat for Humanity									
State and local Fundng	(MAHT)	Main Street Housing									
	(RMPIF) and (MAERDAF)	Lifestyle Inc.									
		Others									

Source	Programs	Non Profit Organizations	Harford	Kent	Queen Anne's	Somerset	St. Mary's	Talbot	Washingtor	Wicomico	Worcester
Federal Funding	(HOME) and (CDBG)	The Maryland Rural Development Corporation (MRDC)									
		Habitat for Humanity									
State and local Fundng	(MAHT)	Main Street Housing									
	(RMPIF) and (MAERDAF)	Lifestyle Inc.									
		Others									

Specific Nonprofit organizations in Rural Counties In Maryland

	Nonprofit organizations					
Allegany	Maryland Agricultural Land Preservation Foundation					
Calvert	Ourcalvert.org	Christmas-in-April-Calvert County Inc	Calvert County Department of Planning & Zoning	Project ECHO	Safe Nights of Calvert County	
Caroline	Caroline County Historical Society					
Carroll						
Cecil	Home Partnership of Cecil County Inc					
Charles						
Dorchester	Moving Dorchester Forward					
Frederick	The Community Foundation of Frederick County Maryland	Project House Inc	Frederick County Housing Trust Inc	Interfaith Housing Alliance	Frederick Housing and Development Commission Inc	Maher Homes Inc
Garrett						

	Nonprofit organizations					
Harford						
Kent	Rebuilding Together Kent County					
Queen Anne's						
Somerset	Shore Housing Resource Board					
St. Mary's	Christmas in April St. Mary's County					
Talbot	Neighborhood Service Center, Inc.					
Washington						
Wicomico	Shore Up Inc	Salisbury Neighborhood Housing Services	Shore Housing Resource Board			
Worcester	Shore Housing Resource Board	Salisbury Neighborhood Housing Services				

Public Policy Approach to the problem

Main Messages from the stakeholders and key programs:

PUBLIC HOUSING AUTHORITIES

The analysis reveals an uneven distribution of Public Housing Authorities

1

NONPROFIT ORGANIZATIONS

four non-profit organizations present in multiple counties, administering key federal and state programs

2

NONPROFIT ORGANIZATIONS

Their presence is not uniformly distributed, with Somerset and Worcester lacking any of these organizations

2

3

OTHER NONPROFIT

Every county has at least one non-profit organization working within its borders

3

OTHER NONPROFIT

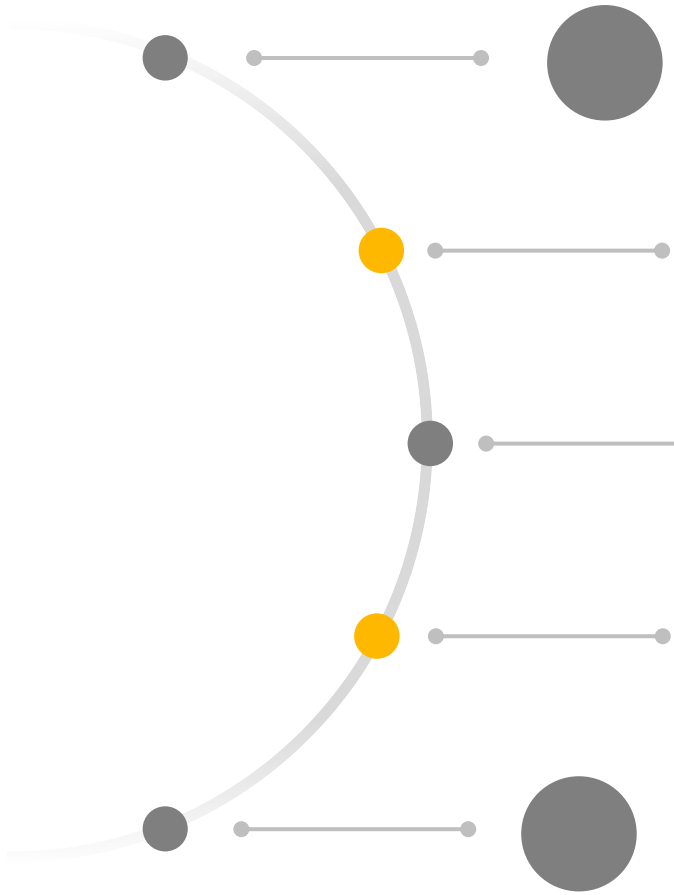
There is an uneven distribution of recognized non-profit organizations

Public Housing Affordability

Recommendations

Recommendations

Stakeholder's and program's analysis:



Public Housing Authorities

The primary attention should be focused on Caroline, Kent, Allegany, Garret, and Somerset, where there are not official Public Housing Authorities.

Nonprofit organizations

Understand the reasons why Somerset and Worcester do not have the presence of any of the four most recognized organizations.

Nonprofit organizations and Federal funding

Research about the reasons why Charles, St. Mary's, and Queen Anne's counties lack the presence of MRDC and Habitat for Humanity, which manage federal funding in other counties.

Nonprofit organizations and State funding

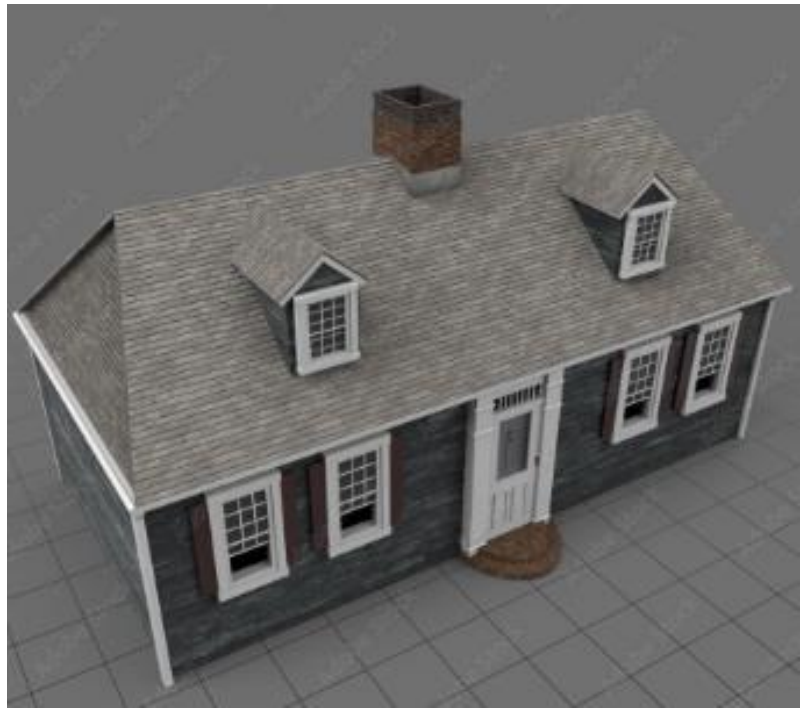
Research about the reasons why Cecil, Garrett, and Wicomico, where Main Street Housing and Lifestyle, Inc do not manage state and local program resources as they do in other rural communities

Information Gaps for Improved Program Efficiency

The research highlighted difficulties in establishing connections between beneficiaries and intermediaries, primarily stemming from a lack of information. Addressing this information gap will not only improve the overall efficiency of programs but also contribute to a more targeted and impactful delivery of rural housing assistance.

Recommendations

Housing choices for rentals in rural America are limited and diminishing.



Expand the Housing Choice Voucher Program

Currently MD's HCVP is only accessible to ten counties, allowing significantly more growth in those it is offered to, including Frederick and Wicomico, while ignoring southern counties such as Calvert and St. Mary's

Mimic Montgomery County

Counties can act as investment firms and replace private equity, allowing county money to fund projects. With the low interest rates, the county can require a portion of new housing to be for low-income

Non-Profit Replacement of Private Equity

If counties are unable to provide the funding to supplement for-profit investors and prevent them dominating the housing market, nonprofits can be established to fill the gap.

Montgomery County

Replacement of Private Equity
When private equity finance housing projects, they typically charge interest around 12-18%.

Montgomery County's Housing Production fund replaces Private Equity at a rate of 5%

Required Sections of Affordable Housing
Law requiring developers to set aside about 15% of units in new projects for low income

Cost Effective Low Income Housing
Programs such as these provide states with a return on investment into low-income housing as opposed to costing taxpayers money

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