



HOUSING MARKETS WORKGROUP 2ND MEETING

Housing Opportunities Master Plan
May 14, 2020

RCLCO
REAL ESTATE ADVISORS

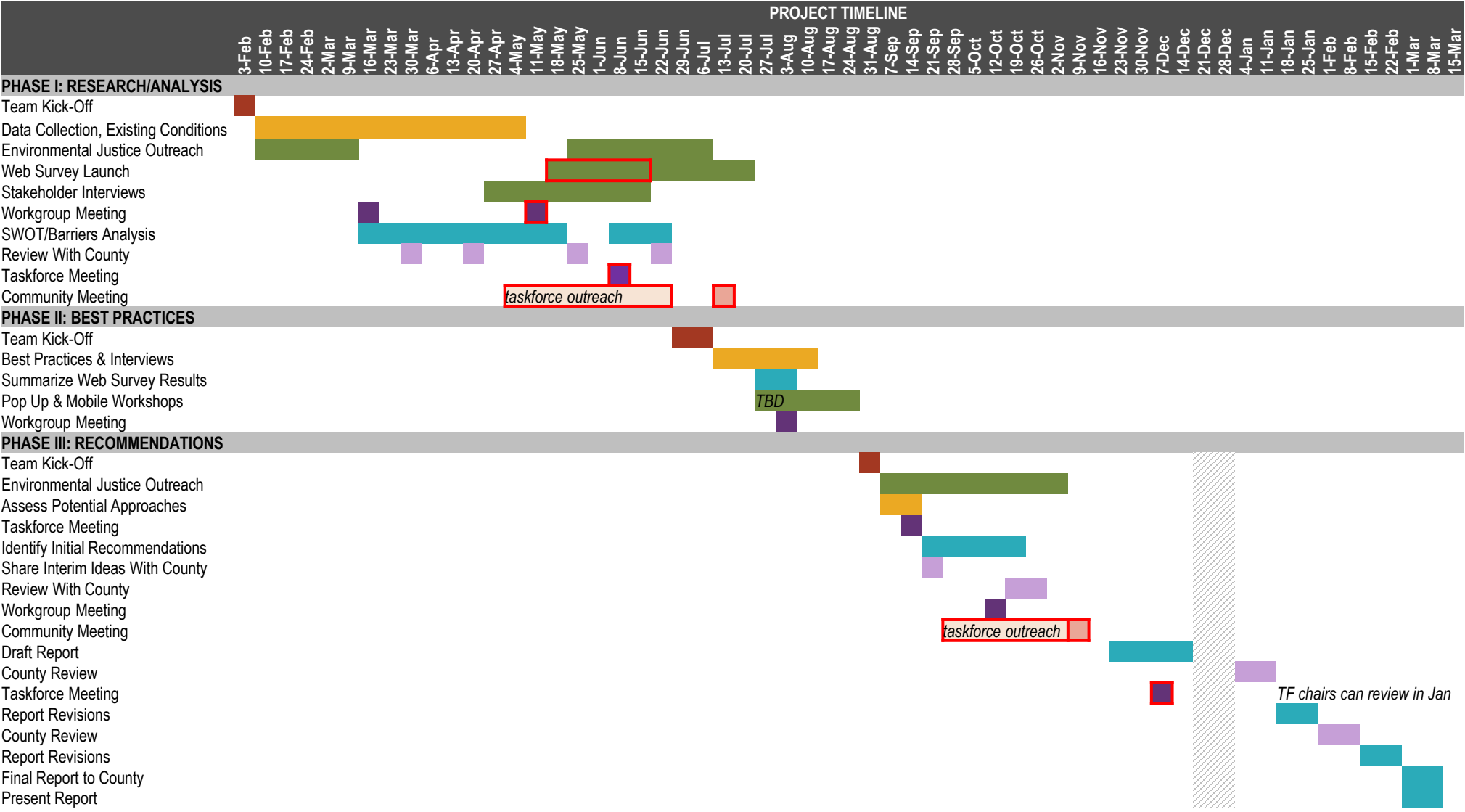
AGENDA

HOUSING MARKETS WORKGROUP MEETING

- A. **Update on Project Process Given COVID-19 – 15 Minutes**
- B. **Role of Task Force & How We Will Use Goals (Finalized by Chairs) – 10 Minutes**
- C. **Presentation of New Information – 35 Minutes**
- D. **Group Discussion of Strengths, Weaknesses, Opportunities & Threats Based on Information Presented – 60 Minutes**

TIMELINE & GOALS FROM LAST MEETING

TIMELINE CHANGES IN RESPONSE TO COVID-19



MEETING SCHEDULE

| Meeting | Date | Focus/Topics |
|-------------------------------------|--------------------------|--|
| Task Force Meeting #1 (complete) | February 4, 2020 | <ul style="list-style-type: none"> • Introduce project team and schedule • Establish meeting ground rules and conflict resolution process • Identify main topics for Workgroups |
| Workgroup Meetings #1 (complete) | March 17, 18, & 23, 2020 | <ul style="list-style-type: none"> • Review engagement strategy and initial research • Refine project goals specific to the topic • Review inventory and assessment of existing programs • Review and refine issues, opportunities and constraints |
| Workgroup Meetings #2 | Week of May 11, 2020 | <ul style="list-style-type: none"> • Review refined/additional research • Finalize goals • Review SWOT Analysis |
| Task Force Meeting #2 | June 2020 (TBD) | <ul style="list-style-type: none"> • Workgroup Report Outs • Prepare for Public Meeting #1 • Review and discuss best practices, identify preferred best practices to implement |
| Workgroup Meeting #3 | July/August 2020 (TBD) | <ul style="list-style-type: none"> • Review/refine proposed recommendations and strategies |
| Task Force Meeting #3 | September 2020 (TBD) | <ul style="list-style-type: none"> • Review public feedback • Prepare for Public Meeting #2 • Review and refine Workgroup's initial recommendations |
| Workgroup Meeting #4 | October 2020 (TBD) | <ul style="list-style-type: none"> • Review/refine proposed recommendations and strategies |
| Task Force Meeting #4 | December 2020 (TBD) | <ul style="list-style-type: none"> • Workgroup Report Outs • Finalize recommendations and strategies |

PUBLIC INVOLVEMENT ACTIVITIES

| Activity | Timeframe |
|---|---|
| Website Updates / Posts (will be relying on online engagement during these times) | Ongoing Throughout - Additional content planned |
| Stakeholder Interviews | Ongoing through Spring 2020 |
| Environmental Justice (EJ) Research and Outreach | Ongoing Throughout |
| Pop Up Meetings (6-8) | Temporarily Postponed |
| Public Survey | Spring/Summer (online); in person promotion via pop ups and other activities when allowable |
| Public Meeting #1 | July 2020 (TBD) |
| Public Meeting #2 | November 2020 (TBD) |
| Task Force Engagement Assistance From Executive Order - AND BE IT FURTHER ORDERED, that the Housing Opportunities Master Plan Task Force... will promote public involvement during the development of the Plan and share information with their community groups and networks. | Ongoing Throughout |

WEBSITE ENHANCEMENTS

AVAILABLE INFORMATION

- ▶ Schedule
- ▶ Executive Order Goals
- ▶ Task Force and Workgroup Meeting Materials
- ▶ Survey (Anticipated to Start in June 2020)
- ▶ Social Media Links (Ongoing)

SUPPLEMENTAL INFORMATION TO BE ADDED

- ▶ Frequently Asked Questions
- ▶ Question/Comment Box
- ▶ Updated Fact Sheets at Key Milestone Periods
- ▶ Virtual Presentation

HOUSING MARKETS WORKGROUP GOALS

Primary focus on understanding and leveraging the housing market to support the overall Task Force Goals

- Evaluate ways that the market can be incentivized to provide a broader diversity of housing than what exists in Howard County today
- Leverage additional information and research from the upcoming General Plan update in order to understand the impact of future growth on housing needs
- Determine what housing needs and means are outside control of County Government - school development process, Columbia Downtown Housing resources, etc.
- Assess opportunities for different housing types to meet a broader market supply

Areas of overlap with Housing Affordability Workgroup

- Integrating more diversity into communities
- Increasing availability of more diverse housing types

Areas of overlap with Housing Policy Workgroup

- Increasing diversity of available housing types
- Leveraging partnership opportunities with other agencies, and the private sector

QUESTIONS FROM LAST MEETING

HOUSING MARKETS WORKGROUP

- ▶ Where is the data coming from?
- ▶ Why is the County being compared to the Baltimore/Washington region when we are unique and have our own data?
- ▶ Will a full market analysis be conducted and provided to our Workgroup?
- ▶ Will we be able to recommend stakeholders to be interviewed?
- ▶ Why are our goals focused on affordability?

UPDATE TO MARKET UNDERSTANDING

KEY FINDINGS

LESSONS LEARNED TO-DATE

- ▶ The region is growing as new jobs are created, and these jobs are bringing more workers to the area than the amount of new housing that is being built.
- ▶ Howard County is more affluent than its neighbors, and it has more families and middle-aged households. This dynamic is partially created by its housing supply, coupled with the other factors that make the County a desirable place to live, and then reinforced by limited new supply additions.
- ▶ Far fewer people who are employed in Howard County also live there, compared to nearly every other jurisdiction in the Washington-Baltimore region, and there is little variance by income. Howard County has less housing than it needs across all household types and income bands, and it is not building enough to keep up with job growth.
- ▶ Most new housing being built by the market is affordable to households making more than 80% of AMI (rental) and more than 120% of AMI (for-sale).
- ▶ Just 9% of housing in Howard County is affordable to households making less than 60% AMI, and virtually no for-sale homes that have been built in the last two decades are affordable to this group.
- ▶ As such, Howard County has less than its fair share of low- and moderate-income households than other nearby counties, particularly in the case of low-income singles and couples

WHAT DID WE DO AS NEXT STEPS?

COMING OUT OF LAST SET OF WORKGROUP MEETINGS

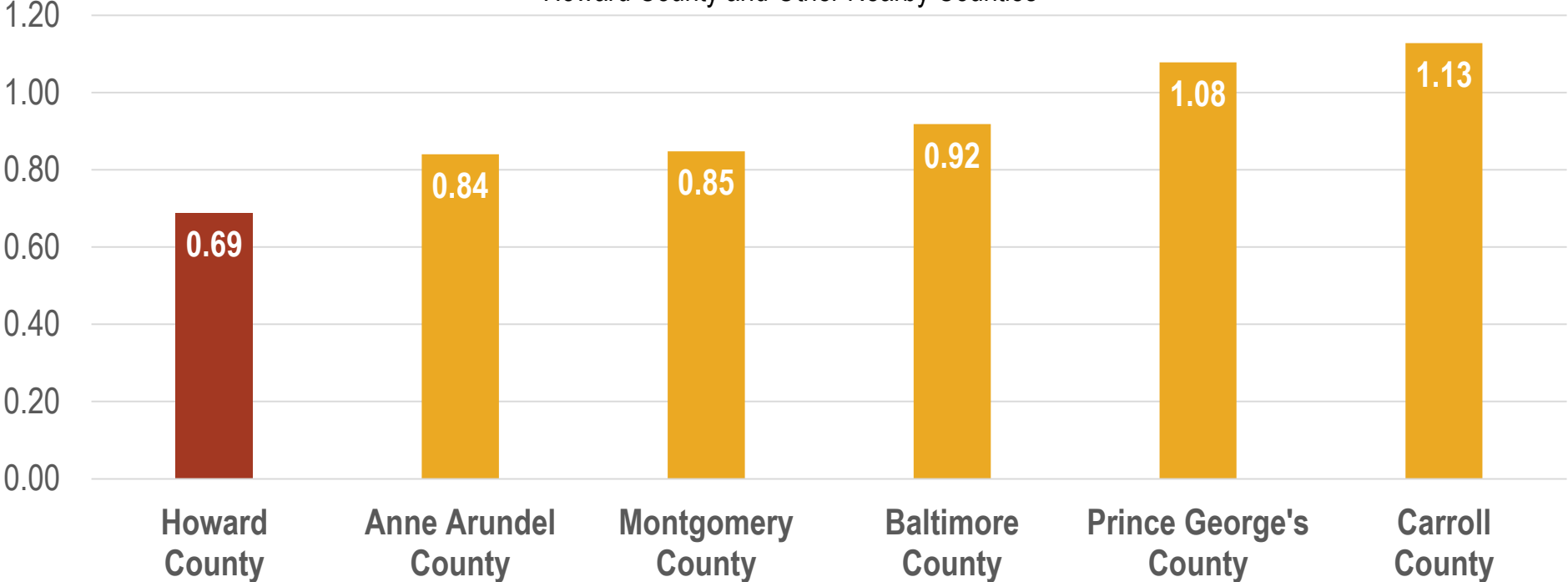
- ▶ **Housing Burden Analysis:** What share of incomes are Howard County households spending on housing? What share are cost-burdened (paying more than 30%)?
- ▶ **Qualitative Supply Analysis:** What is the character of housing supply, beyond its cost and size?
- ▶ **Supply/Demand Reconciliation:** Combine supply and demand analysis to understand where the mismatch is most prevalent
- ▶ **Distribution by Geography:** Evaluate how these trends vary within Howard County

HOUSING PRODUCTION IN HOWARD COUNTY

NOT ENOUGH TO SUPPORT ITS EMPLOYEES

► Howard County has more jobs than housing units, likely contributing to its housing constraints

Ratio of Housing Units to Jobs, 2019;
Howard County and Other Nearby Counties



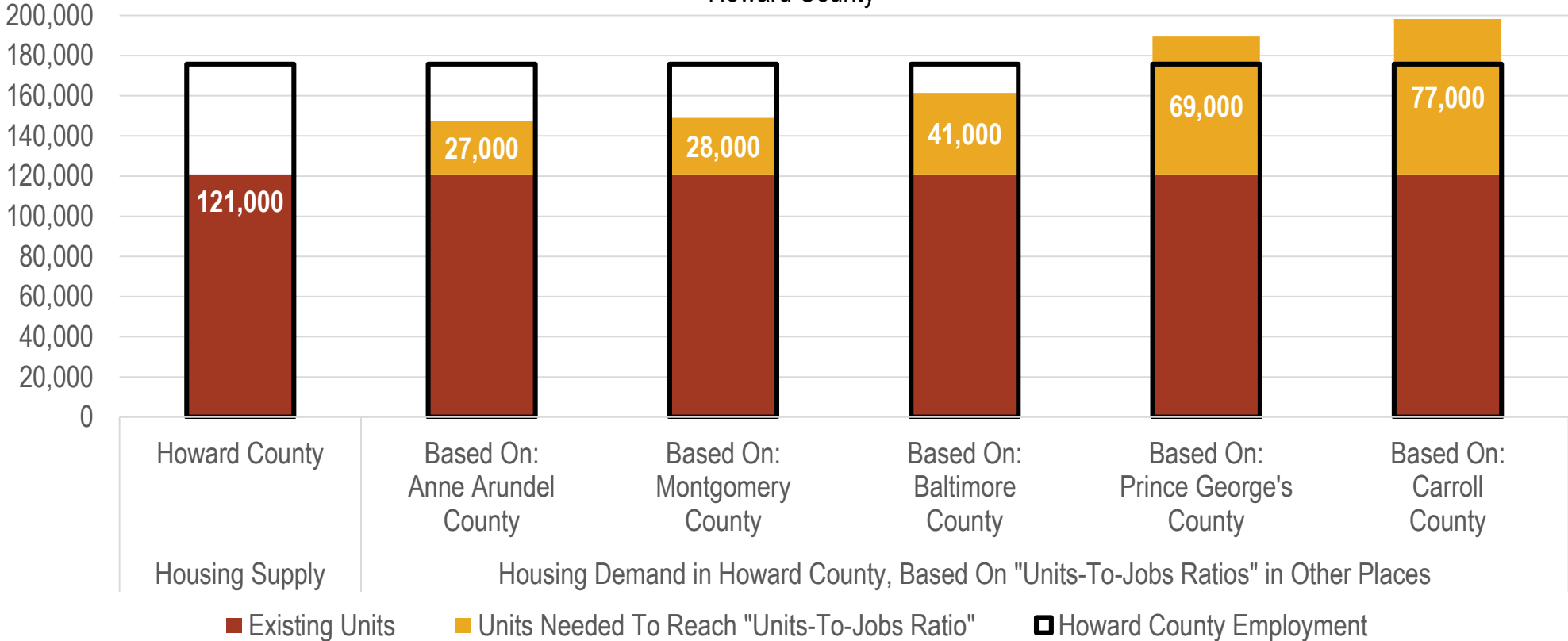
| | | | | | | |
|----------------------|---------|---------|---------|---------|---------|--------|
| Jobs | 175,700 | 274,900 | 473,700 | 375,900 | 318,000 | 57,400 |
| Housing Units | 120,900 | 230,800 | 401,600 | 345,300 | 342,900 | 64,800 |

LACK OF HOUSING SUPPLY

LIKELY REQUIRES AN ADDITIONAL 30,000 TO 40,000 UNITS

► Howard County likely requires between 30,000 and 40,000 additional housing units in order to reach the housing units-to-jobs ratios seen in other nearby jurisdictions.

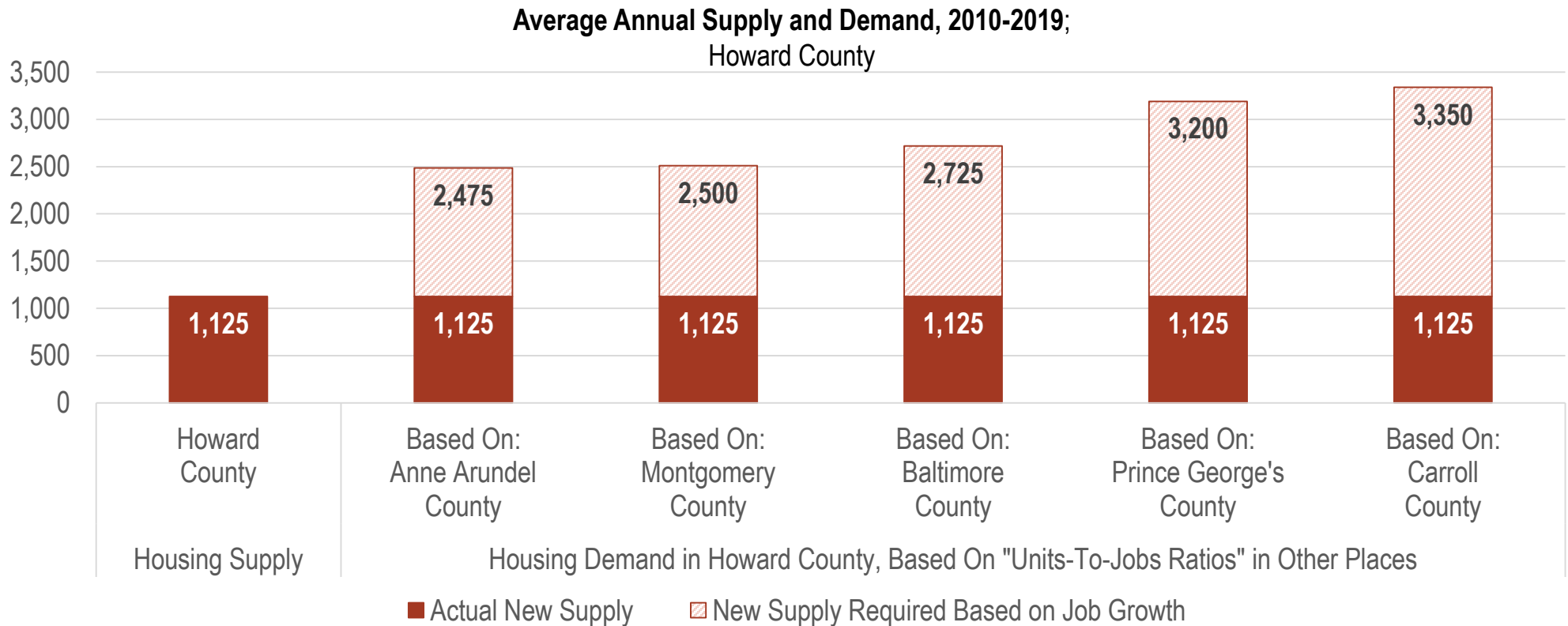
Housing Units Needed to Reach Units-To-Jobs Ratios of Other Jurisdictions, 2019;
Howard County



ANNUAL HOUSING ADDITIONS

50% OF WHAT IT SHOULD BE, BASED ON RECENT JOB GROWTH

- ▶ Howard County added an average of 2,960 new jobs per year over the last decade.
- ▶ Based on the units-to-jobs ratios in other nearby counties, this growth translates to annual demand for 2,500 to 3,000 units, more than double what Howard County has actually built during this time.



HOUSING DEMAND & AFFORDABILITY

AMI: BALTIMORE REGION (INCL. HOWARD COUNTY)

► The AMI bands for the Baltimore PMSA—which includes Howard County—are shown below. These bands can be helpful to identify differences between Howard County and other surrounding areas.

| | AMI | Under 30% AMI | 30%-60% AMI | 60%-80% AMI | 80%-120% AMI | Over 120% AMI |
|---------------------------|--------|---------------|-------------|-------------|--------------|---------------|
| 1-Person Household | \$66K | Under \$21K | \$21K-\$42K | \$42K-\$53K | \$53K-\$79K | Over \$79K |
| 2-Person Household | \$76K | Under \$24K | \$24K-\$49K | \$49K-\$60K | \$60K-\$91K | Over \$91K |
| 3-Person Household | \$85K | Under \$27K | \$27K-\$55K | \$55K-\$68K | \$68K-\$102K | Over \$102K |
| 4-Person Household | \$94K | Under \$30K | \$30K-\$61K | \$61K-\$76K | \$76K-\$113K | Over \$113K |
| 5-Person Household | \$102K | Under \$33K | \$33K-\$66K | \$66K-\$82K | \$82K-\$122K | Over \$122K |

AMI: HOWARD COUNTY (FOR LOCAL PROGRAMS)

- ▶ Howard County also sets its own AMI bands for local programs like its Moderate Income Housing Unit (“MIHU”) program. These bands can be helpful to identify differences within Howard County.
- ▶ Higher than the AMI bands for the Baltimore PMSA, given the economic and demographic makeup of Howard County compared to the broader region.



**Moderate Income Housing Unit Program
For Low-Income Housing Units
For-Sale Units - Eligibility Income Limits (60% of Median)**

**Moderate Income Housing Unit Program
For-Sale Units - Eligibility Income Limits (80% of Median)**

Howard County Median Household Income (Family of Four) = \$115,576

Baltimore PMSA Median Household Income (Four-Person Household) = \$94,400

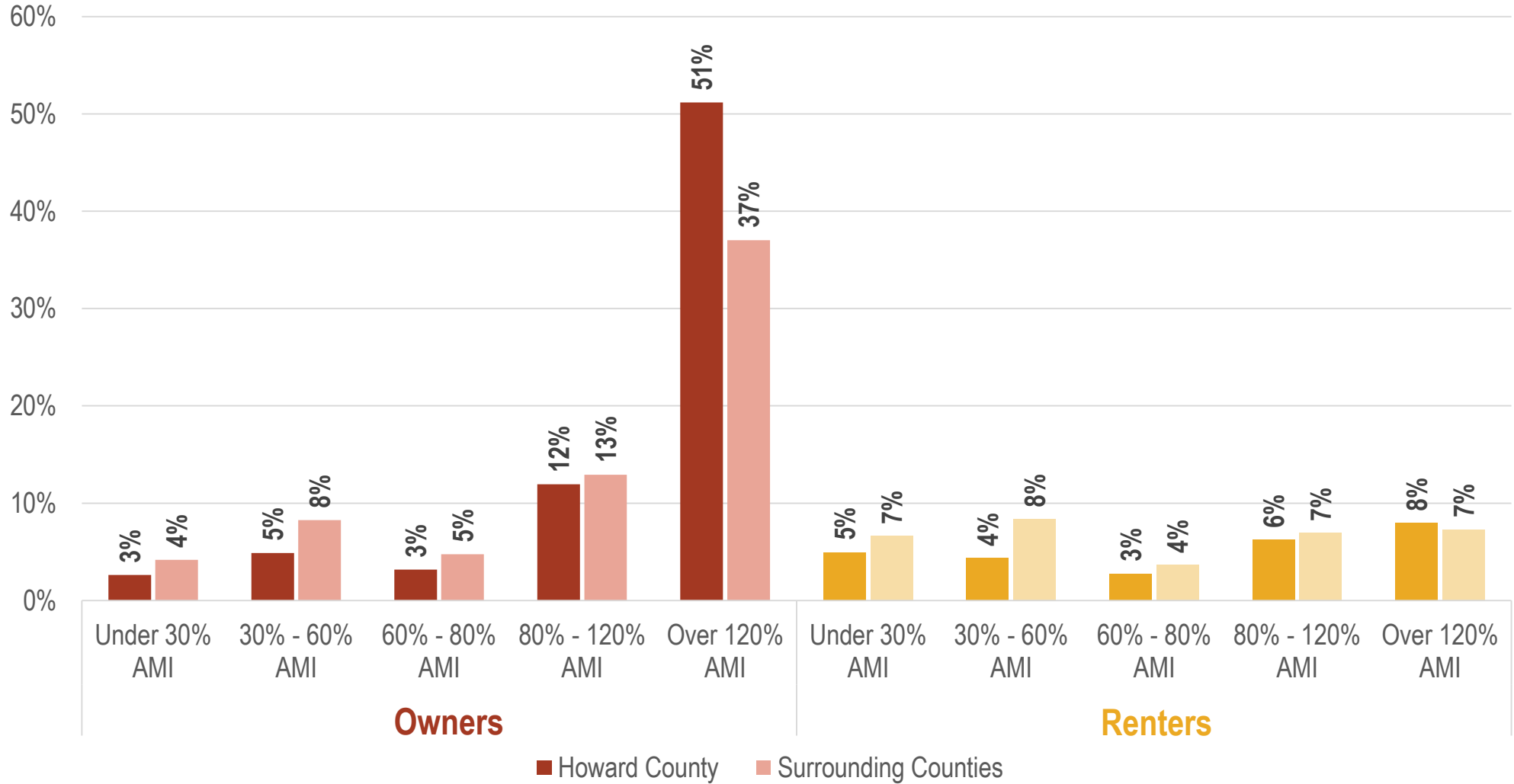
| Family Size | Amount | Compared to: Baltimore PMSA |
|---------------|----------|--------------------------------|
| One Person | \$48,542 | \$42,400 |
| Two Persons | \$55,476 | \$48,500 |
| Three Persons | \$62,411 | \$54,500 |
| Four Persons | \$69,346 | \$60,600 |
| Five Persons | \$74,893 | \$65,500 |
| Six Persons | \$80,441 | \$70,300 |
| Seven Persons | \$85,989 | \$75,200 |
| Eight Persons | \$91,536 | \$80,000 |

| Family Size | Amount | Compared to: Baltimore PMSA |
|---------------|-----------|--------------------------------|
| One Person | \$64,723 | \$58,850 |
| Two Persons | \$73,969 | \$60,400 |
| Three Persons | \$83,215 | \$67,950 |
| Four Persons | \$92,461 | \$75,500 |
| Five Persons | \$99,858 | \$81,550 |
| Six Persons | \$107,255 | \$87,600 |
| Seven Persons | \$114,651 | \$93,650 |
| Eight Persons | \$122,048 | \$99,700 |

COMPARISON TO OTHER SURROUNDING COUNTIES

GREATER SHARE OF OWNERS, ESPECIALLY IN HIGH AMI BANDS

Distribution of Households by Tenure and AMI Band, 2017;
Howard County, MD and Surrounding Counties



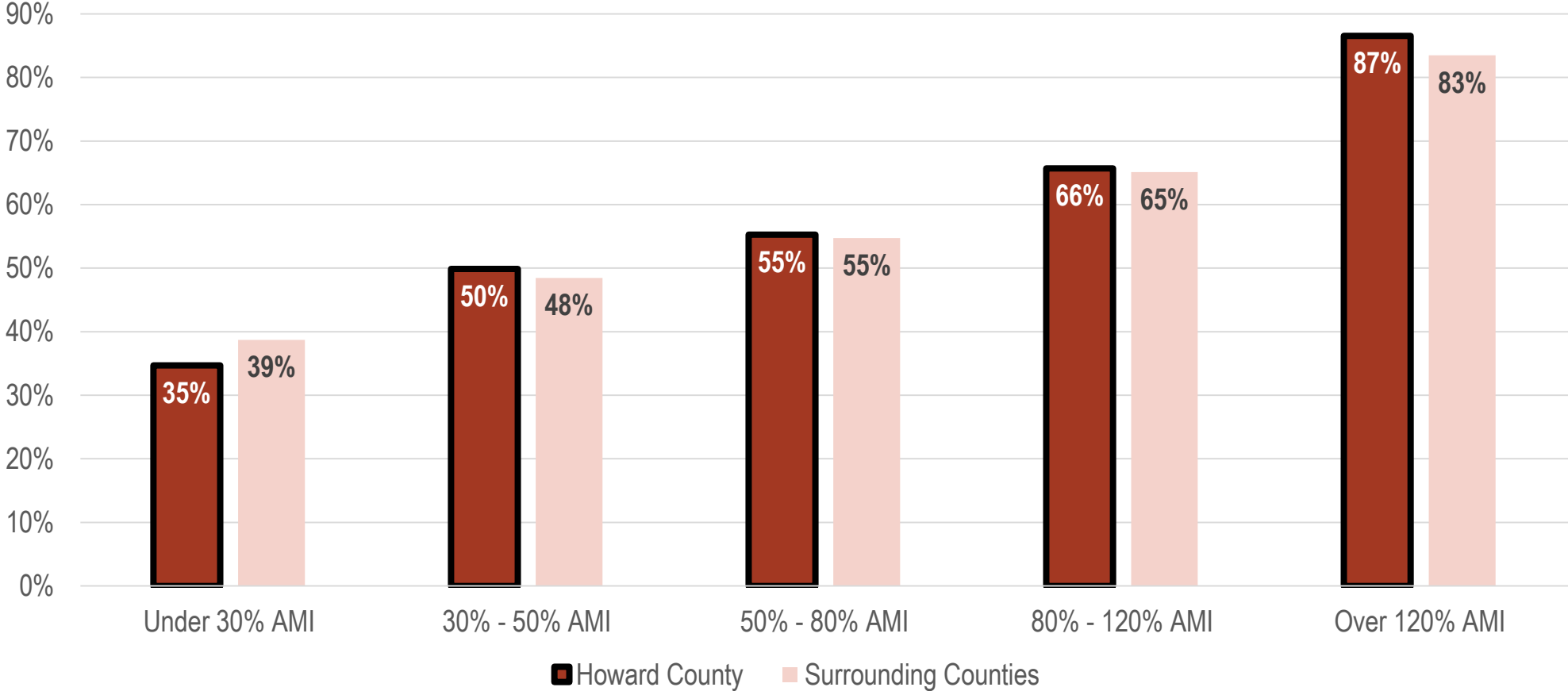
Note: "Surrounding Counties" include Anne Arundel, Baltimore, Carroll, Montgomery, and Prince George's Counties
Source: 2017 American Community Survey 5-Year Estimates 2013-2017; ACS PUMS Data 2016-2017; RCLCO

HOMEOWNERSHIP

HIGH HOMEOWNERSHIP RATE IN HOWARD COUNTY

► Largely due to higher-income households; many low- and moderate-income households are renters.

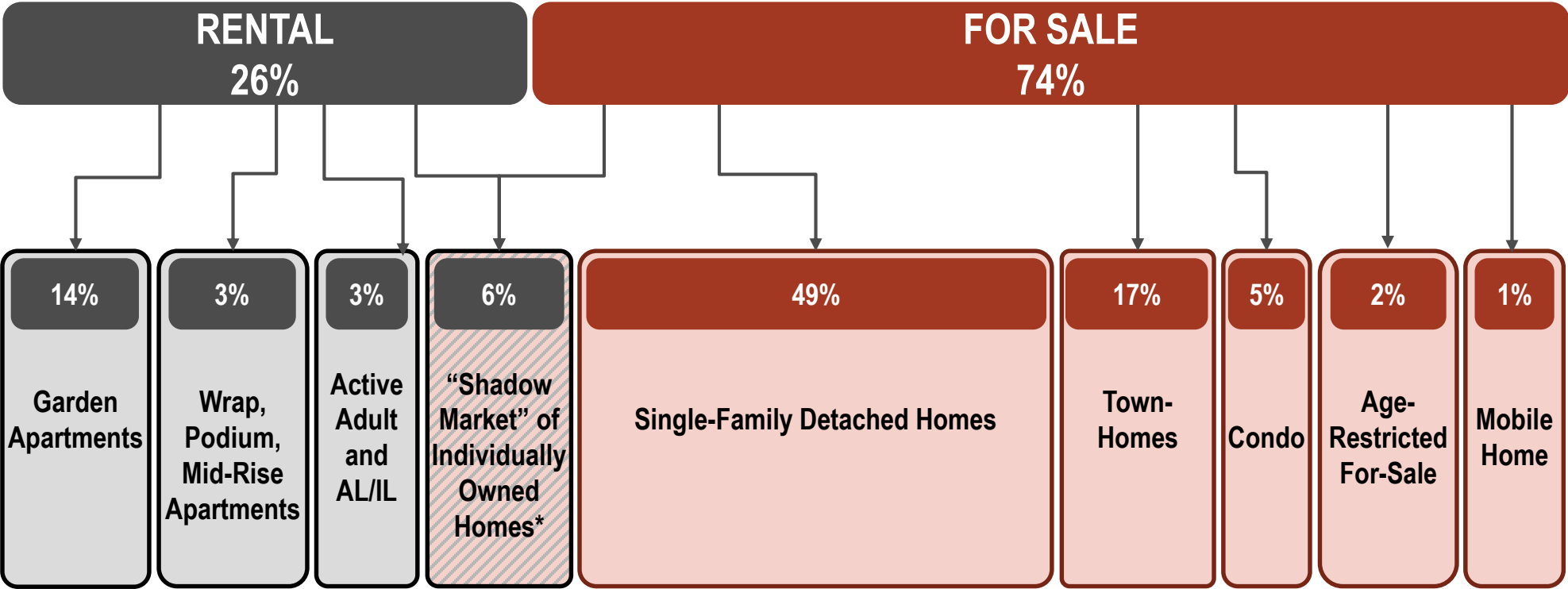
Homeownership Rate by AMI Band, 2017;
Howard County, MD and Surrounding Counties



FOR-SALE HOUSING SUPPLY

EXISTING HOUSING INVENTORY

Rental and For-Sale Inventory, 2020;
Howard County



Suburban Garden



Urban (Midrise)



Assisted Living ("AL")



SFD



Townhomes



Condominium







*"Shadow market" refers to single family homes and townhomes that are rented

Image Source: Google Images

Source: Howard County Department of Planning and Zoning; 2018 Howard County Rental Survey; Howard County Office on Aging and Independence; Maryland Department of Assessments and Taxation; CoStar; PUMS; RCLCO

FOR-SALE HOUSING INVENTORY

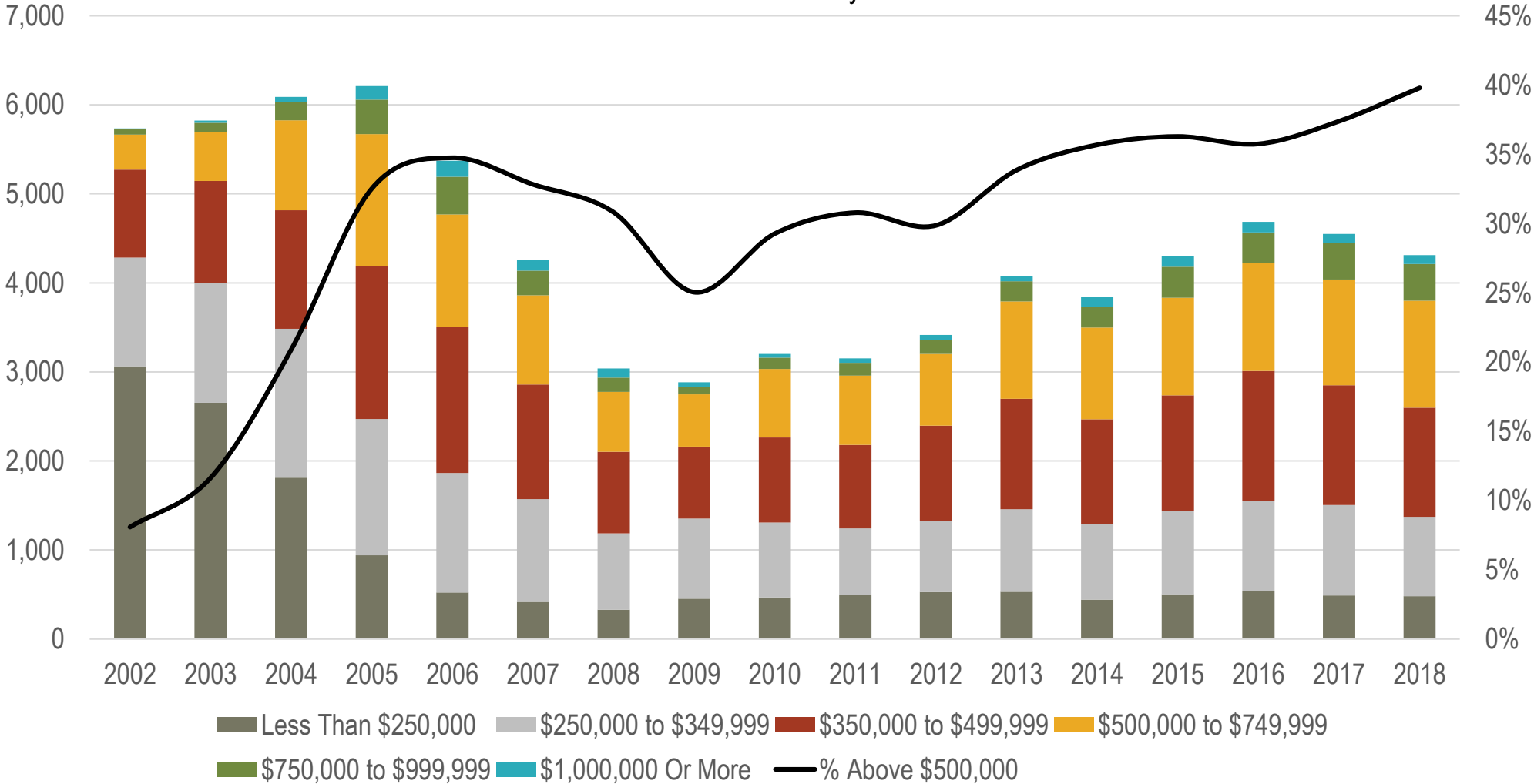
NEW SINGLE-FAMILY HOMES ARE LARGER, MORE EXPENSIVE

| | LARGE SFD | MODERATE SFD | SMALL SFD | TOWNHOME | CONDOMINIUM | OTHER |
|--|---|---|--|---|---|---|
| |  |  |  |  |  |  |
| Description | Larger (3,000+ SF) detached homes | Moderate-sized (2,000 to 3,000 SF) detached homes | Smaller (<2,000 SF) detached homes | Attached homes, often multi-story | Condo units in multifamily buildings | Mobile homes |
| Average Size | 4,046 | 2,440 | 1,528 | 1,707 | 1,158 | 1,400 |
| Average Price | \$737,687 | \$481,704 | \$257,232 | \$327,802 | \$214,351 | \$296,956 |
| Average Year Built | 1996 | 1985 | 1972 | 1992 | 1988 | 1975 |
| % Built Before 1980 | 8% | 30% | 65% | 22% | 18% | 19% |
| Total Number of Homes | 15,718 | 24,024 | 22,260 | 27,329 | 6,190 | 1,288 |
| Number of Homes Built 2010-2019 | 2,999 | 1,254 | 190 | 4,100 | 64 | 5 |
| Dist. of Total For-Sale Inventory | 16% | 25% | 23% | 29% | 6% | 1% |
| Dist. of Homes Built 2010-2019 | 35% | 15% | 2% | 48% | 1% | 0% |

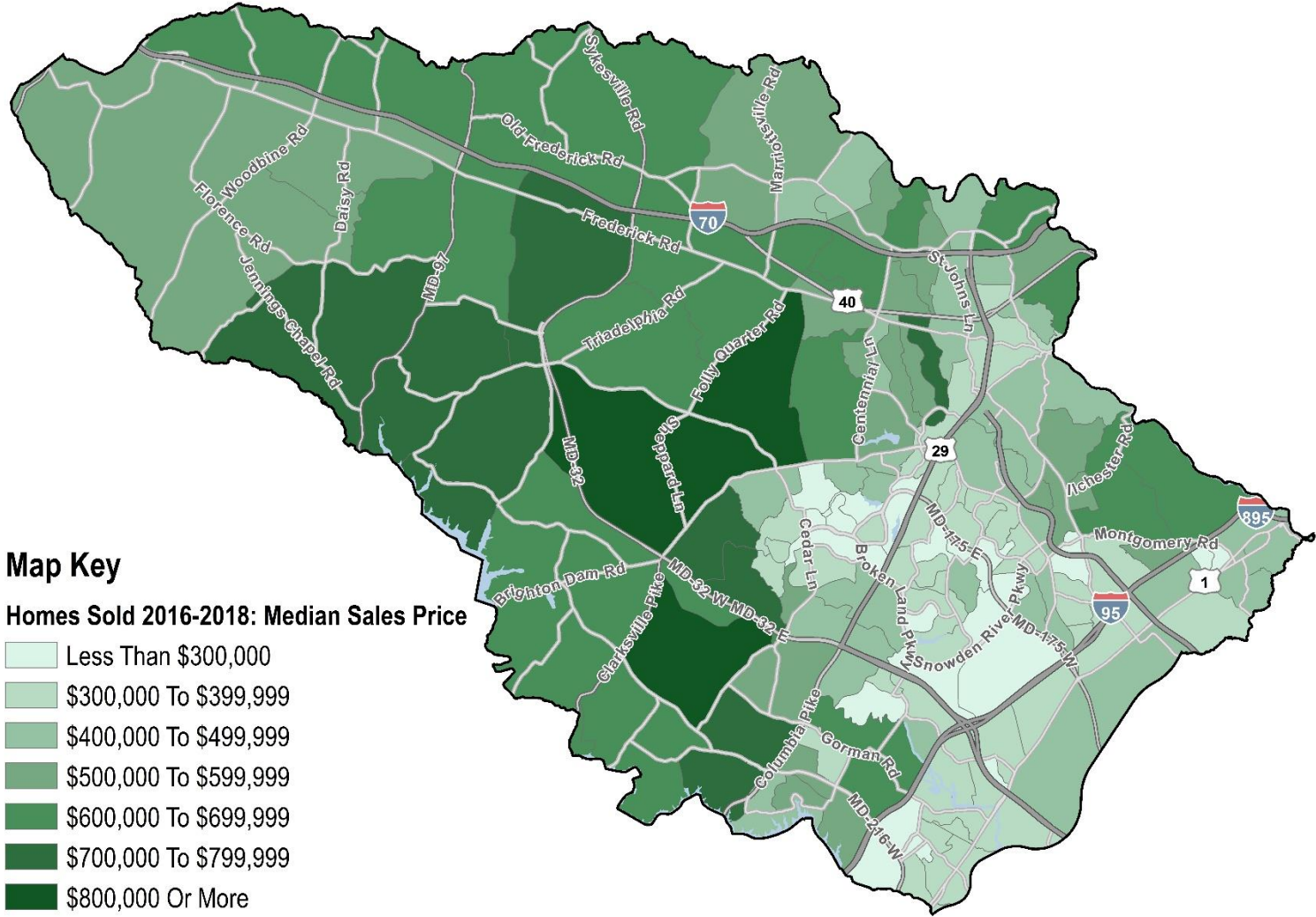
FOR-SALE HOUSING INVENTORY

PRICES ARE CONTINUING TO INCREASE

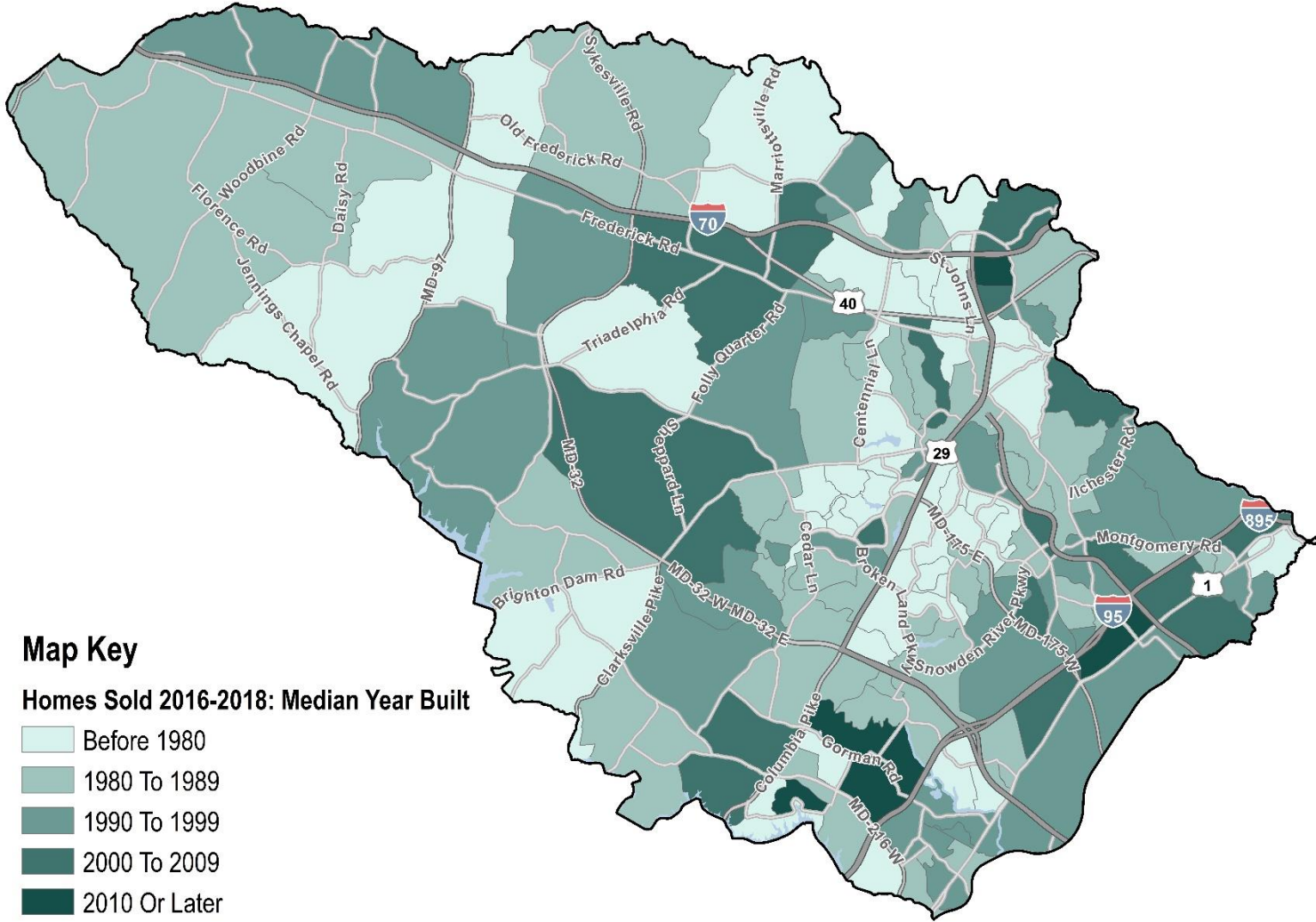
Historical Transaction Activity by Product Type, 2002-2018;
Howard County



MEDIAN SALES PRICE IN HOWARD COUNTY



MEDIAN YEAR BUILT IN HOWARD COUNTY



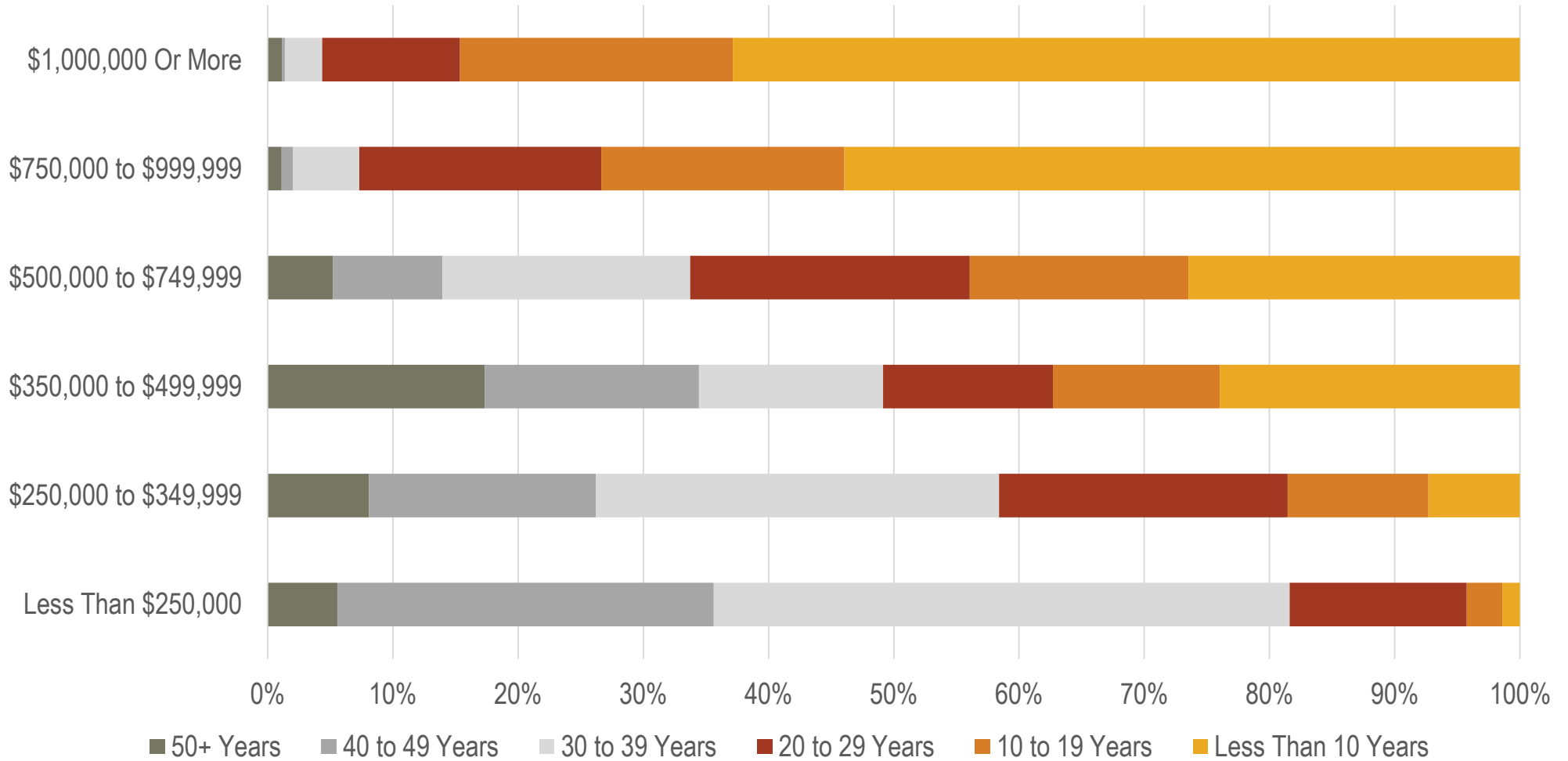
Map Key

- Homes Sold 2016-2018: Median Year Built
- Before 1980
 - 1980 To 1989
 - 1990 To 1999
 - 2000 To 2009
 - 2010 Or Later

AGE OF HOUSING INVENTORY

MORE AFFORDABLE HOMES TEND TO BE MUCH OLDER

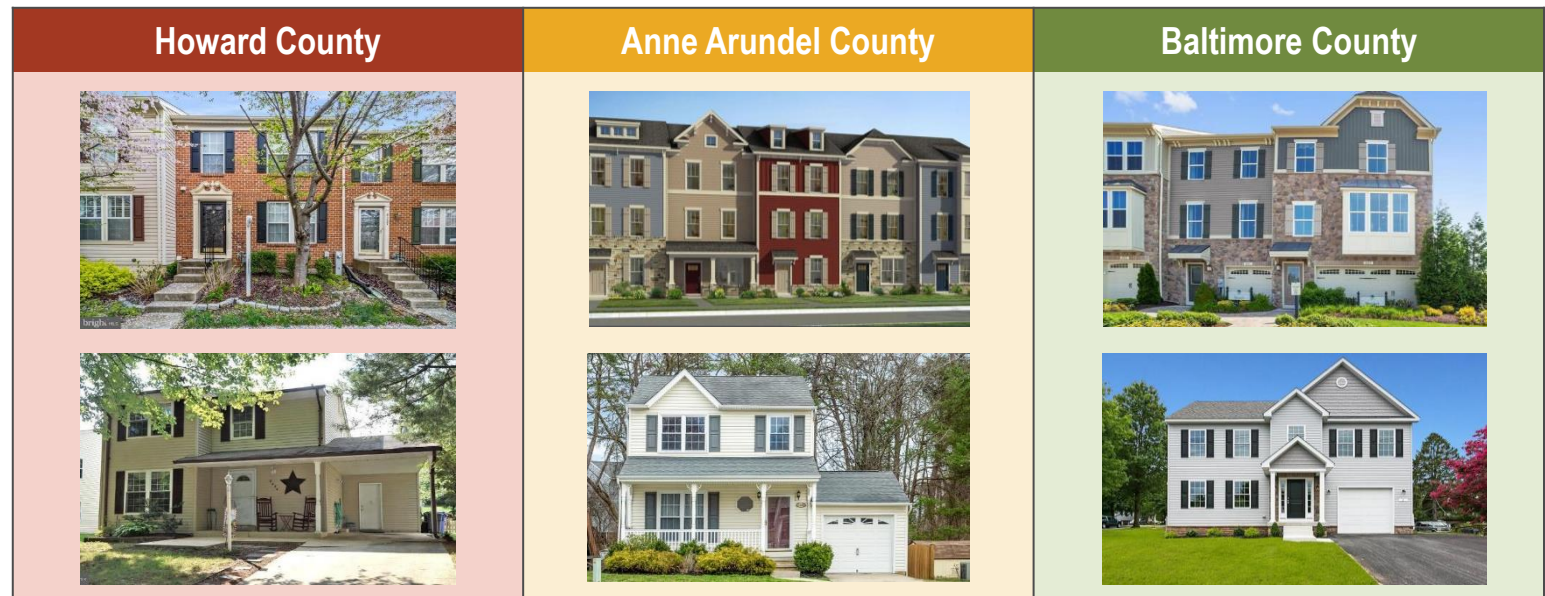
Age of Homes Sold by Price Band, 2015-2018;
Howard County



WHAT \$350,000 GETS YOU IN HOWARD COUNTY

FEWER OPTIONS, SMALLER HOMES, AND MUCH OLDER

- ▶ On average, homes in this price range that are available for sale in Anne Arundel County are...
 - » **Townhomes:** Similarly sized (2% larger) but significantly newer (18 years) than what is available in Howard County
 - » **Single-Family Detached:** Slightly larger (4%) and slightly newer (4 years) than what is available in Howard County
- ▶ On average, homes in this price range that are available for sale in Baltimore County are...
 - » **Townhomes:** Much bigger (15% larger) and much newer (10 years) than what is available in Howard County
 - » **Single-Family Detached:** Much bigger (24%) and slightly newer (5 years) than what is available in Howard County
- ▶ There are also half as many of these townhomes available in Howard County than there are in Anne Arundel County and Baltimore County, and just 15-20% as many single-family detached homes.



Note: Based on current listings available on Redfin as of April 2, 2020

Source: Redfin; RCLCO

E4-12823.00 (DRAFT) | 4/28/2020 | 28

NEW HOMES COST MORE IN HOWARD COUNTY

SFD RUNS \$250K MORE EXPENSIVE; \$100K FOR TOWNHOMES

► The average price for “new product” is:

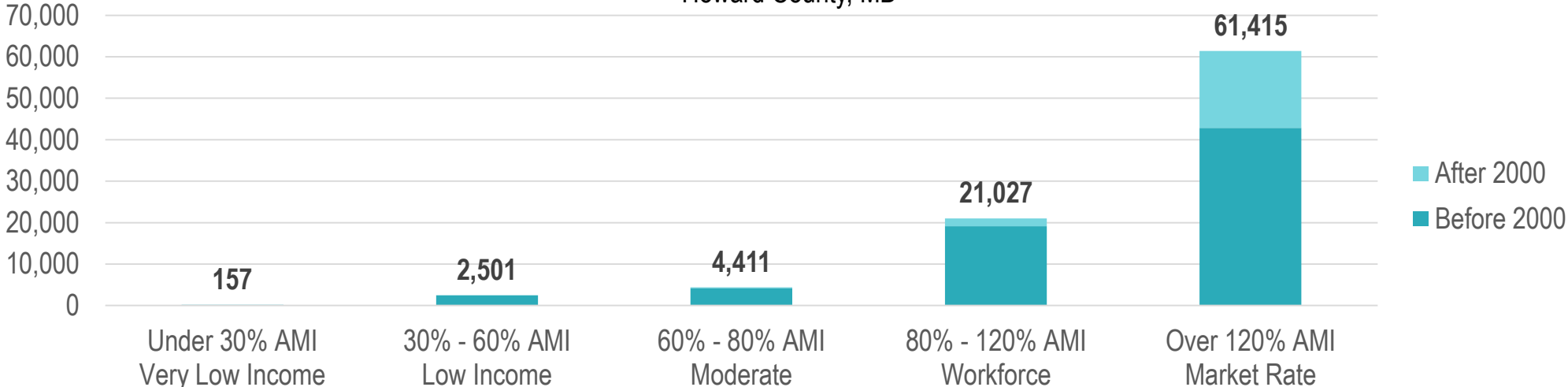
| COUNTY | | AVERAGE PRICE |
|--------------|--|--|
| Howard |   | <p>Townhomes: \$515,000 (2,471 SF)</p> <p>Single-Family Detached Homes: \$928,000 (4,025 SF)</p> |
| Anne Arundel |   | <p>Townhomes: \$438,000 (2,274 SF)</p> <p>Single-Family Detached Homes: \$684,000 (2,969 SF)</p> |
| Baltimore |   | <p>Townhomes: \$395,000 (2,246 SF)</p> <p>Single-Family Detached Homes: \$665,000 (3,462 SF)</p> |

FOR-SALE HOUSING AFFORDABILITY

MOST AFFORDABLE TO HOUSEHOLDS MAKING 120%+ OF AMI

► Fewer than one-third of for-sale housing units are affordable to households making less than 120% of AMI, with most of this product being older.

For-Sale Housing Inventory by AMI Band and Year Built, 2020;
Howard County, MD








| | SFD | TH | Condo | MH | Total | % |
|---|---------------|---------------|--------------|--------------|---------------|-----|
| FOR-SALE UNITS BUILT BEFORE 2000 | | | | | | |
| Under 30% AMI | 10 | 5 | 61 | 73 | 148 | 0% |
| 30% - 60% AMI | 145 | 280 | 1,364 | 662 | 2,451 | 4% |
| 60% - 80% AMI | 790 | 1,841 | 1,418 | 175 | 4,224 | 6% |
| 80% - 120% AMI | 8,120 | 8,442 | 2,281 | 298 | 19,140 | 28% |
| Over 120% AMI | 38,421 | 4,063 | 272 | 80 | 42,836 | 62% |
| TOTAL | 47,486 | 14,629 | 5,395 | 1,288 | 68,799 | |

| | SFD | TH | Condo | MH | Total | % |
|--|---------------|--------------|------------|----------|---------------|-----|
| FOR-SALE UNITS BUILT AFTER 2000 | | | | | | |
| Under 30% AMI | 3 | 0 | 6 | 0 | 9 | 0% |
| 30% - 60% AMI | 45 | 2 | 3 | 0 | 50 | 0% |
| 60% - 80% AMI | 118 | 38 | 30 | 0 | 186 | 1% |
| 80% - 120% AMI | 412 | 1,028 | 378 | 0 | 1,818 | 9% |
| Over 120% AMI | 11,783 | 6,091 | 378 | 0 | 18,251 | 90% |
| TOTAL | 12,361 | 7,159 | 795 | 0 | 20,315 | |

RENTAL HOUSING SUPPLY

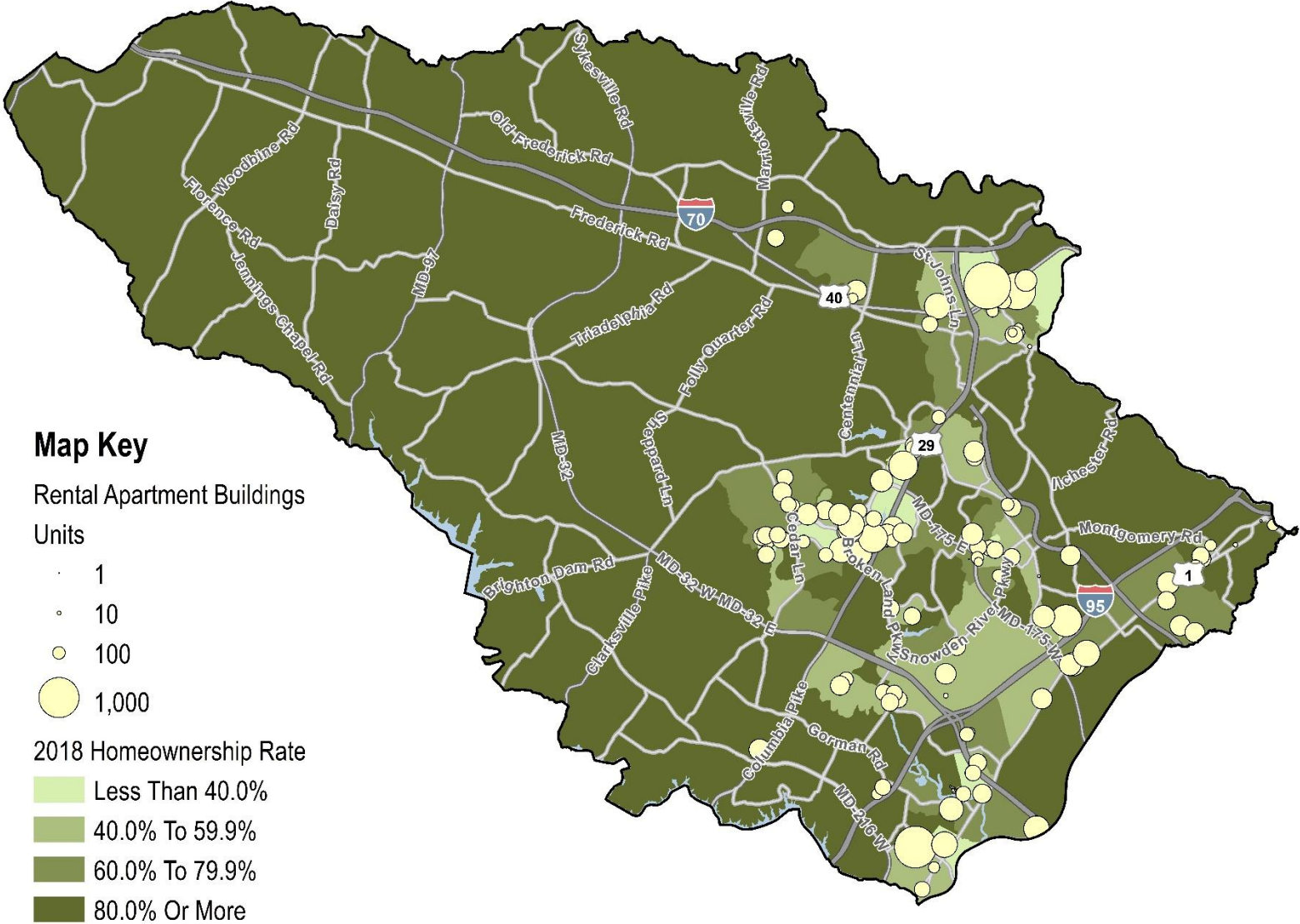
RENTAL HOUSING INVENTORY

MOST RENTAL HOUSING IS OLDER, GARDEN-STYLE

| | GARDEN-STYLE APARTMENTS & TOWNHOMES | WRAP / PODIUM APARTMENTS | MIDRISE APARTMENTS | ACTIVE ADULT / SENIORS | SHADOW MARKET RENTALS |
|--------------------------------------|---|--|---|---|---|
| |  |  |  |  |  |
| Avg. Size (SF) | 970 SF | 990 SF | 920 SF | Varies by Level of Care | N/A |
| Typical Avg. Rent | \$1,575 \$1,000 to \$1,700 | \$2,050 \$1,700 to \$1,900 | \$1,425 \$1,100 to \$1,300 | Varies by Level of Care | \$1,820 \$1,800 to \$1,900 |
| Avg. Year Built | 1987 | 2016 | 1972 | 2000 | N/A |
| Est. Inventory | 17,059 | 3,557 | 425 | 3,012 | 7,297 |
| Est. Number of Units Built 2010-2019 | 2,273 | 3,451 | 0 | 422 | 698 |
| Est. Share of Inventory | 54% | 11% | 1% | 10% | 23% |
| Est. Share of Units Built 2010-2019 | 33% | 50% | 0% | 6% | 10% |
| Est. Number Affordable to <60% AMI | 2,538 (15% of Units) | 165 (5% of Units) | 139 (33% of Units) | 2,570 (85% of Units) | 2,448 (34% of Units) |

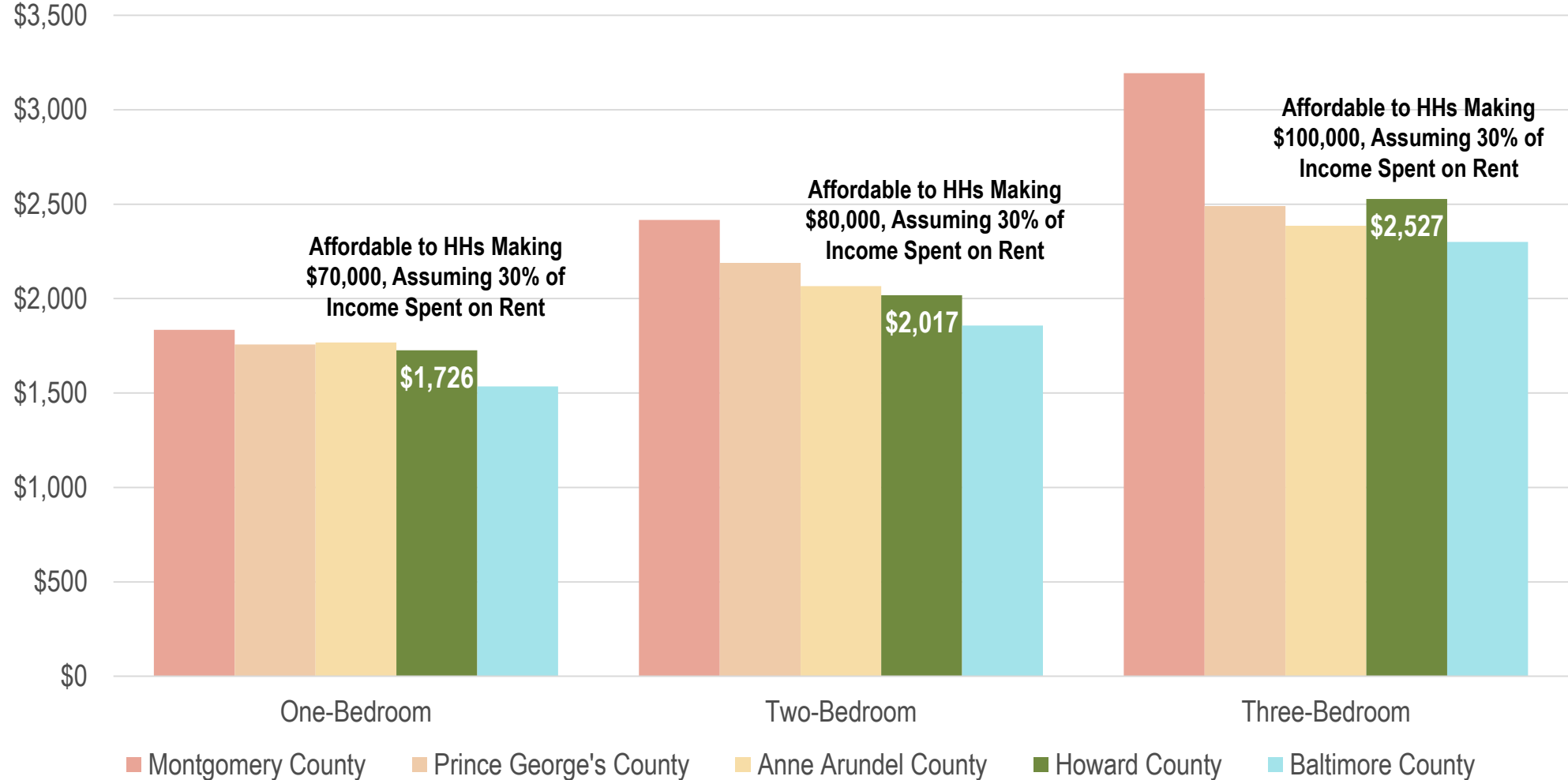
WHERE IS THE RENTAL HOUSING?

MAP OF APARTMENT BUILDINGS



RENTS FOR NEW APARTMENTS OFTEN AFFORDABLE TO MIDDLE-INCOME RENTERS

Average Asking Rents for Apartments in “New” Buildings by Bedroom Count, March 2020;
Select Counties in Maryland

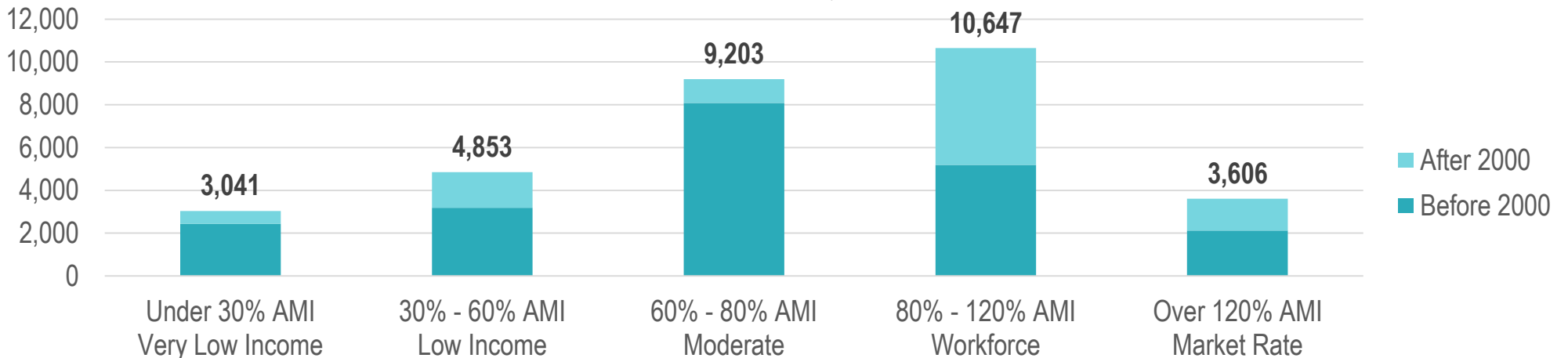


RENTAL AFFORDABILITY

NEW UNITS AFFORDABLE TO WORKFORCE, OLD UNITS STILL KEY

- ▶ Most attainable rental stock for low- and moderate-income households is older
- ▶ New rental apartments are often affordable to workforce households

Rental Housing Inventory by AMI Band and Year Built, 2020;
Howard County, MD



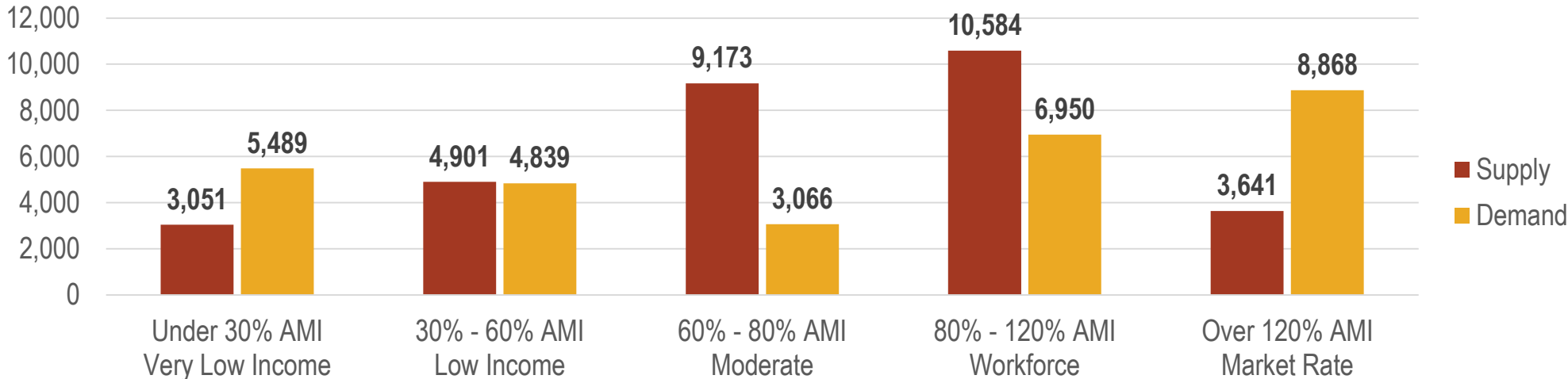
| | RENTAL UNITS BUILT BEFORE 2000 | | | | | | | | RENTAL UNITS BUILT AFTER 2000 | | | | | | | | | |
|-----------------------|--------------------------------|--------------|--------------|--------------|-----------|------------------------|---------------|---------------|-------------------------------|-----------|--------------|--------------|------------|----------|------------------------|---------------|---------------|-----|
| | Studio | 1BR | 2BR | 3BR | 4BR | Active Adult / Seniors | Shadow Market | Total | % | Studio | 1BR | 2BR | 3BR | 4BR | Active Adult / Seniors | Shadow Market | Total | % |
| Under 30% AMI | 0 | 255 | 377 | 116 | 43 | 337 | 1,312 | 2,440 | 12% | 0 | 53 | 36 | 0 | 0 | 297 | 214 | 601 | 6% |
| 30% - 60% AMI | 0 | 564 | 928 | 62 | 0 | 759 | 874 | 3,187 | 15% | 0 | 167 | 178 | 97 | 0 | 1,176 | 49 | 1,666 | 16% |
| 60% - 80% AMI | 26 | 2,910 | 4,081 | 603 | 3 | 0 | 461 | 8,084 | 38% | 12 | 153 | 813 | 35 | 0 | 5 | 101 | 1,119 | 11% |
| 80% - 120% AMI | 0 | 1,598 | 2,098 | 336 | 9 | 0 | 1,149 | 5,189 | 25% | 80 | 2,100 | 2,310 | 495 | 0 | 202 | 271 | 5,458 | 53% |
| Over 120% AMI | 0 | 0 | 0 | 0 | 0 | 0 | 2,126 | 2,127 | 10% | 0 | 47 | 352 | 106 | 0 | 235 | 740 | 1,480 | 14% |
| TOTAL | 26 | 5,326 | 7,484 | 1,117 | 54 | 1,096 | 5,923 | 21,027 | | 92 | 2,520 | 3,689 | 732 | 0 | 1,916 | 1,374 | 10,323 | |

RECONCILIATION OF SUPPLY & DEMAND

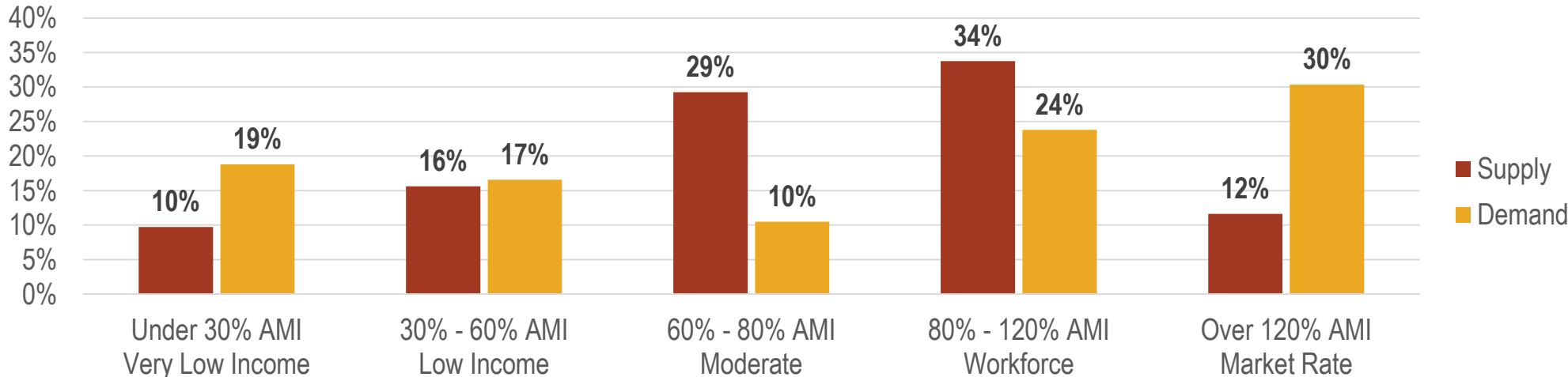
SUPPLY & DEMAND RECONCILIATION – RENTAL

Comparison of Rental Housing Supply and Demand by AMI Band; Howard County, MD

Total HHs and Units

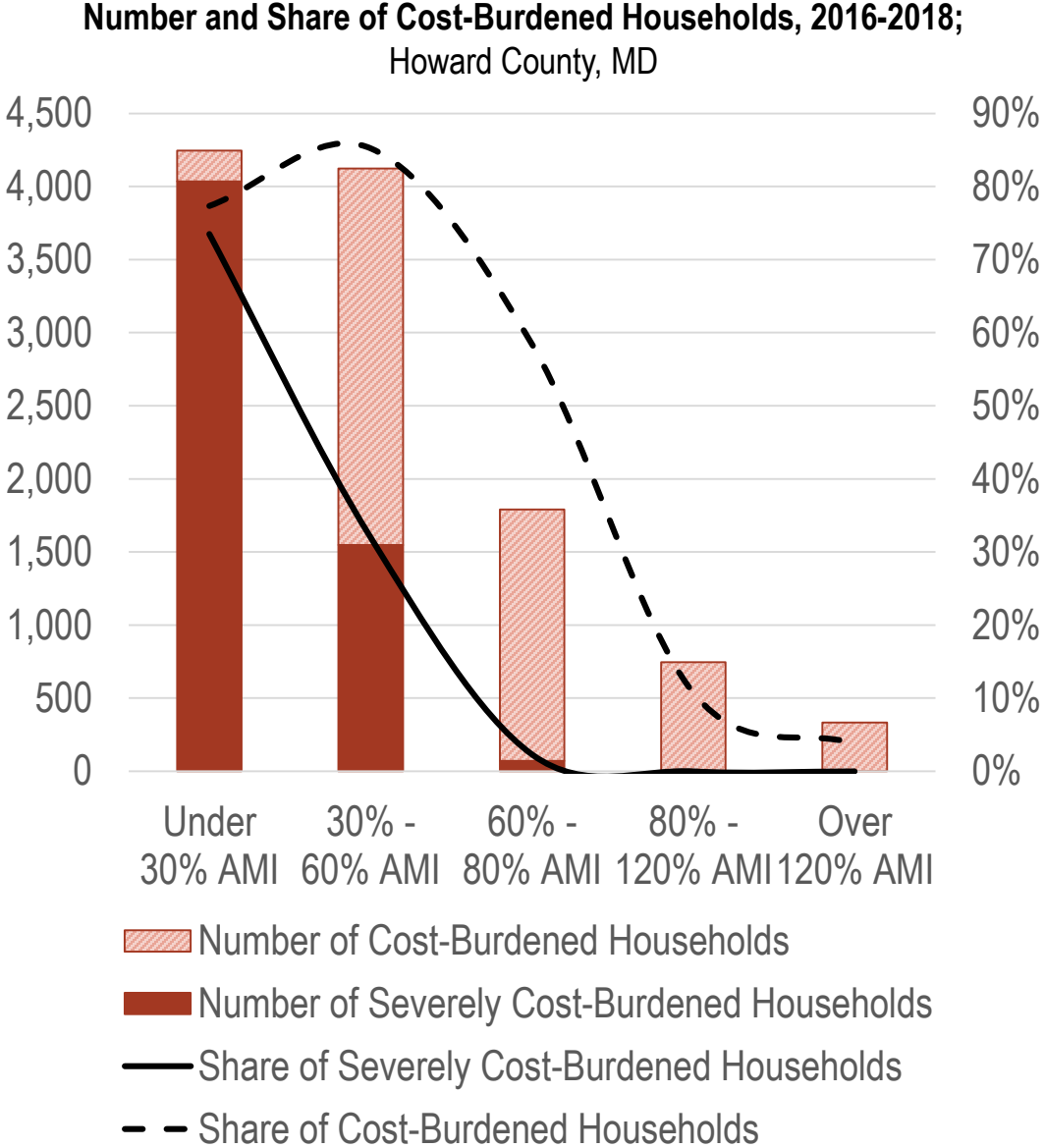
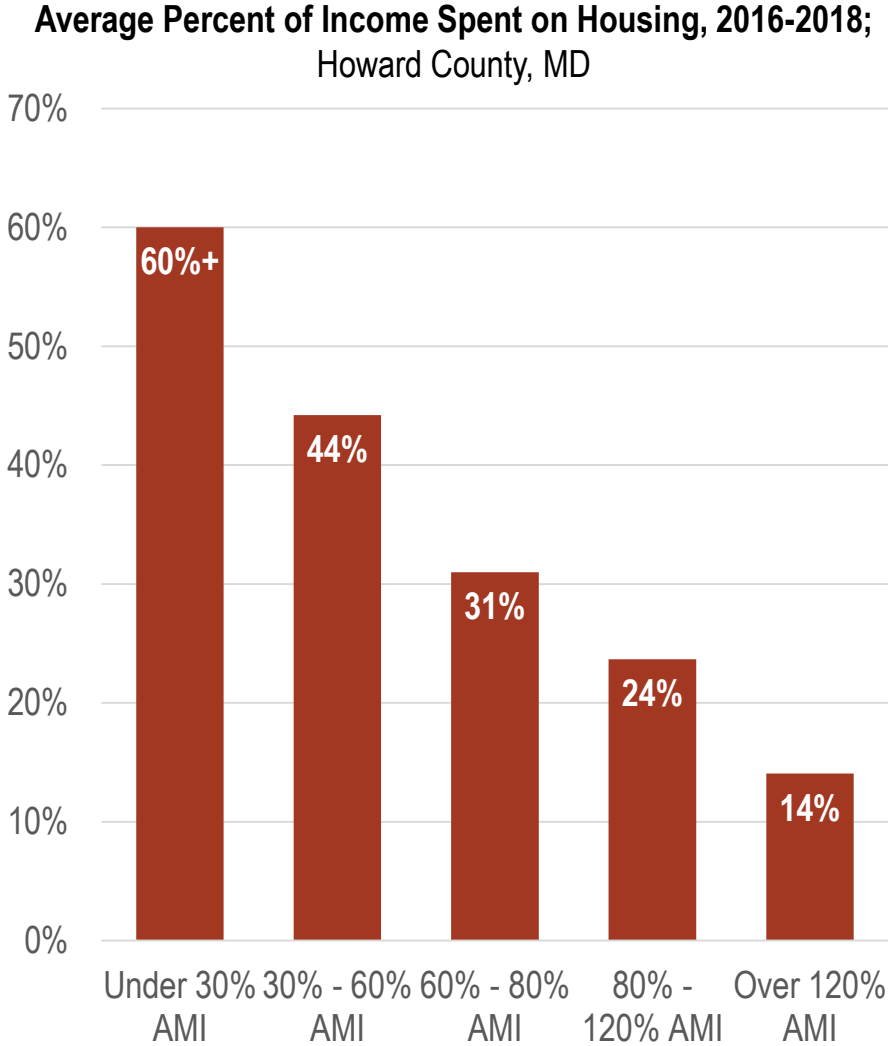


Distribution of HHs and Units



COST BURDEN OF RENTAL HOUSING

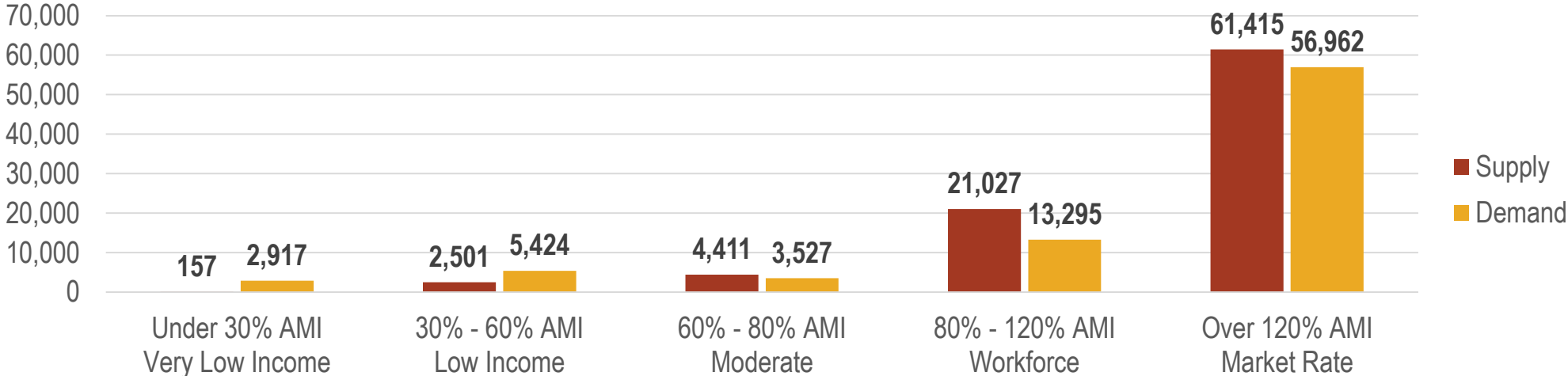
MOSTLY FELT BY LOW AND VERY-LOW INCOME HOUSEHOLDS



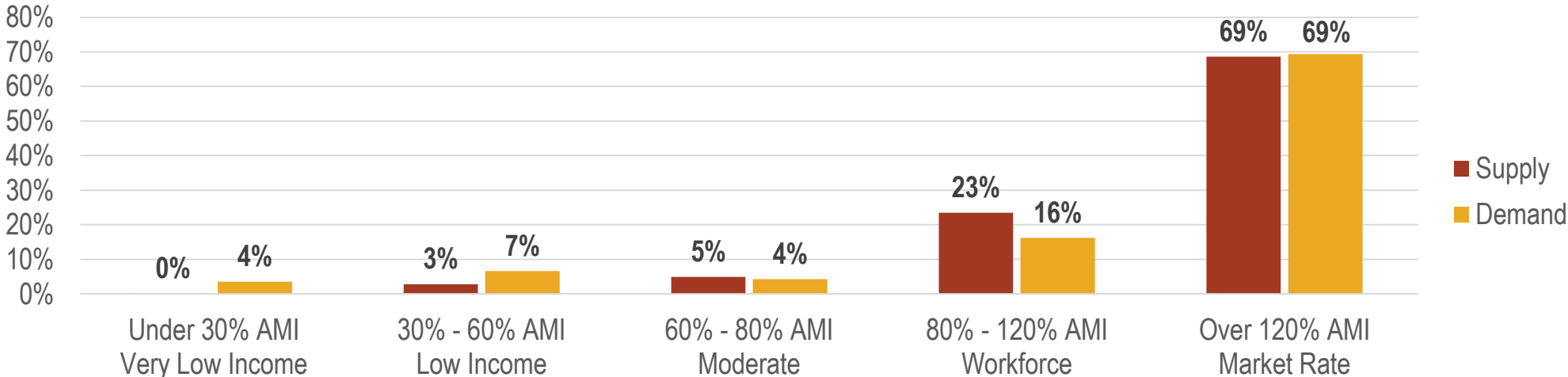
SUPPLY & DEMAND RECONCILIATION – FOR-SALE

Comparison of Rental Housing Supply and Demand by AMI Band, 2020;
Howard County, MD

Total HHs and Inventory



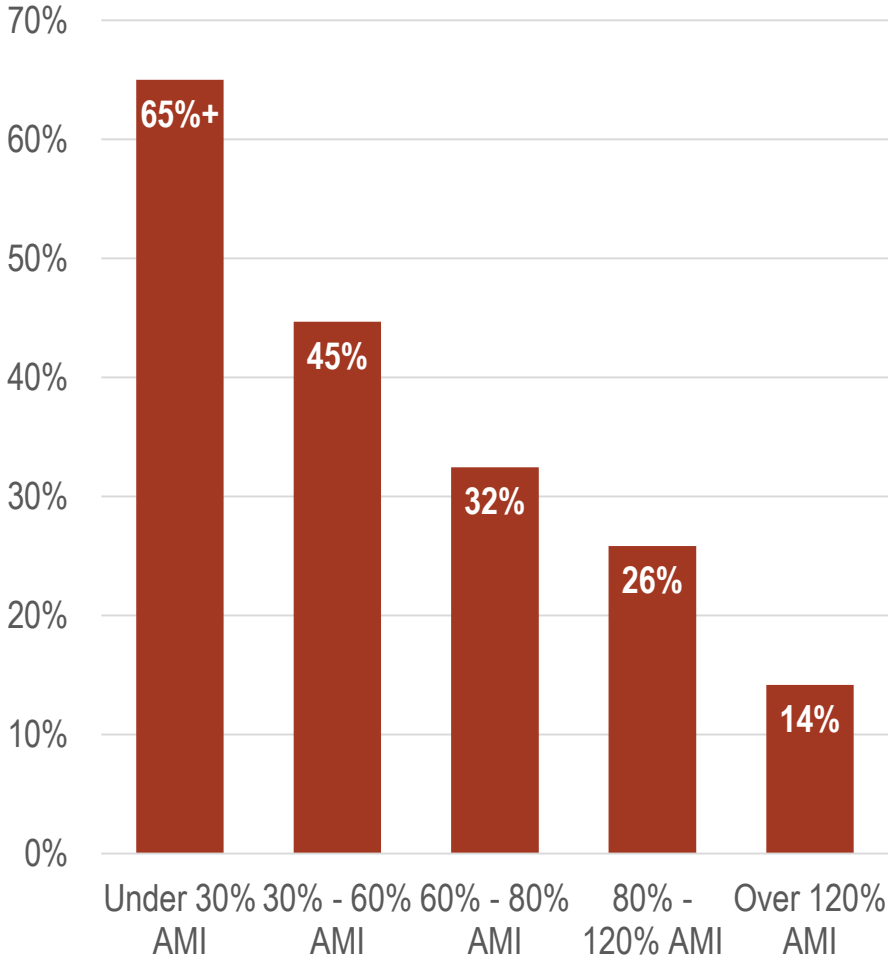
Distribution of HHs and Inventory



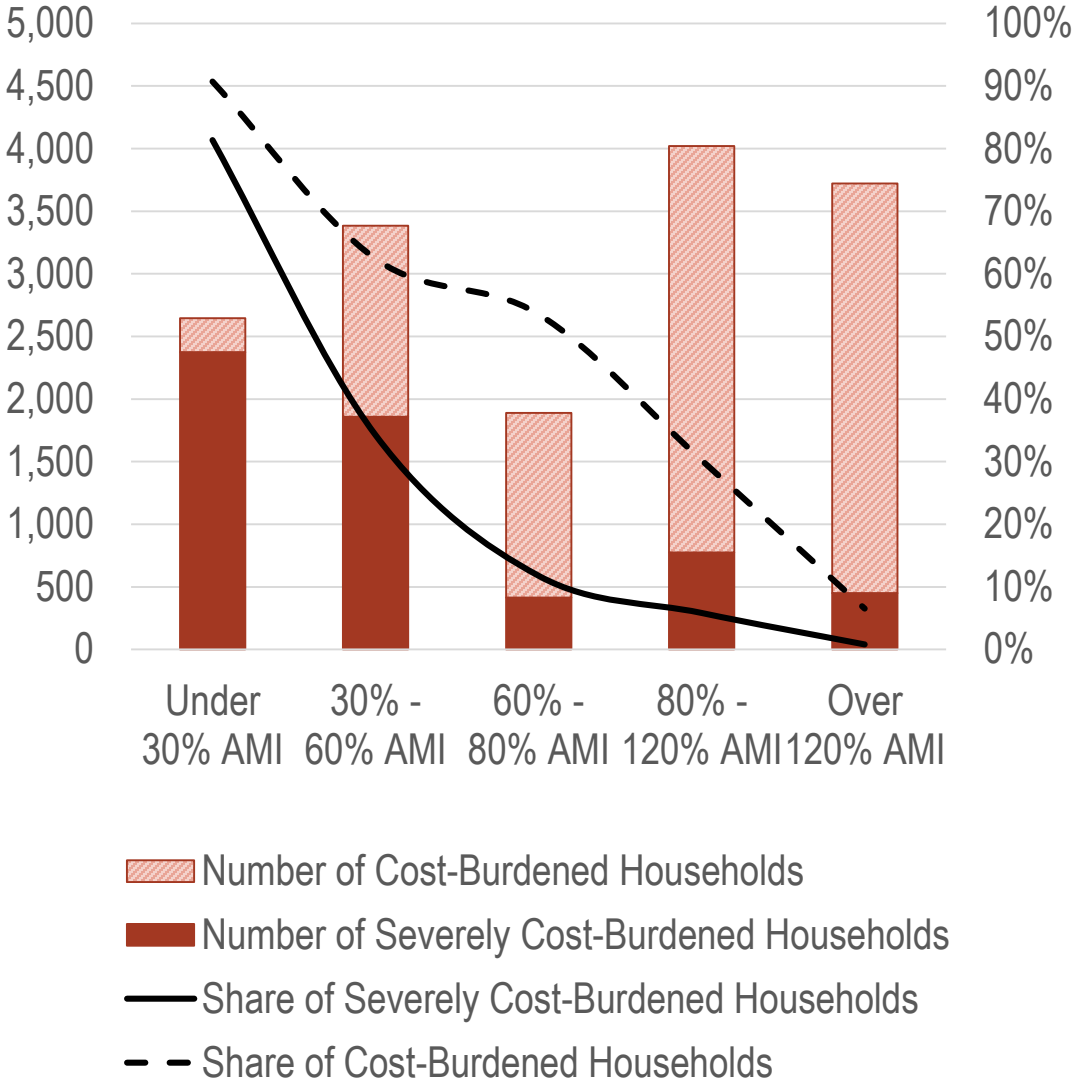
COST BURDEN OF FOR-SALE HOUSING

HIGHEST AT LOW INCOMES BUT SPREAD ACROSS ALL AMI BANDS

Average Percent of Income Spent on Housing, 2016-2018;
Howard County, MD



Number and Share of Cost-Burdened Households, 2016-2018;
Howard County, MD



“REAL WORLD” APPLICATION

WHO IS BEST SERVED IN HOWARD COUNTY?

Select Industries by AMI Band, 2017;
Howard County, MD

| NAICS CODE | SECTOR | AVG. ANNUAL WAGES | AMI BAND | | | | | |
|------------|--|-------------------|----------|-----------|-----------|------------|-------|---|
| | | | < 30% | 30% - 60% | 60% - 80% | 80% - 120% | 120%+ | |
| 52312 | Securities Brokerage | \$190,000 | | | | | | X |
| 5112 | Software Publishers | \$149,000 | | | | | | X |
| 5415 | Computer Systems Design and Related Services | \$107,000 | | | | | | X |
| 541 | Professional, Scientific, and Technical Services | \$93,000 | | | | | | X |
| 6211 | Offices of Physicians | \$92,000 | | | | | | X |
| 5312 | Offices of Real Estate Agents and Brokers | \$85,000 | | | | | | X |
| 54111 | Offices of Lawyers | \$80,000 | | | | | | X |
| 54131 | Architectural Services | \$77,000 | | | | | X | |
| 622 | Hospitals | \$64,000 | | | | | X | |
| 5611 | Office Administrative Services | \$63,000 | | | | | X | |
| 238 | Contractors | \$62,000 | | | | | X | |
| 532 | Rental and Leasing Services | \$61,000 | | | | | X | |
| 6212 | Offices of Dentists | \$54,000 | | | | | X | |
| 62133 | Offices of Mental Health Practitioners | \$51,000 | | | X | | | |
| 54121 | Accounting, Tax Preparation, Bookkeeping, and Payroll Services | \$50,000 | | | X | | | |
| 54194 | Veterinary Services | \$49,000 | | | X | | | |
| 6111 | Elementary and Secondary Schools | \$42,000 | | X | | | | |
| 44413 | Hardware Stores | \$41,000 | | X | | | | |
| 623 | Nursing and Residential Care Facilities | \$32,000 | | X | | | | |
| 44611 | Pharmacies and Drug Stores | \$28,000 | | X | | | | |
| 4451 | Grocery Stores | \$27,000 | | X | | | | |
| 624 | Social Assistance | \$26,000 | | X | | | | |
| 56172 | Janitorial Services | \$26,000 | | X | | | | |
| 6244 | Child Day Care Services | \$25,000 | | X | | | | |
| 7225 | Restaurants and Other Eating Places | \$18,000 | X | | | | | |
| 611692 | Automobile Driving Schools | \$17,000 | X | | | | | |

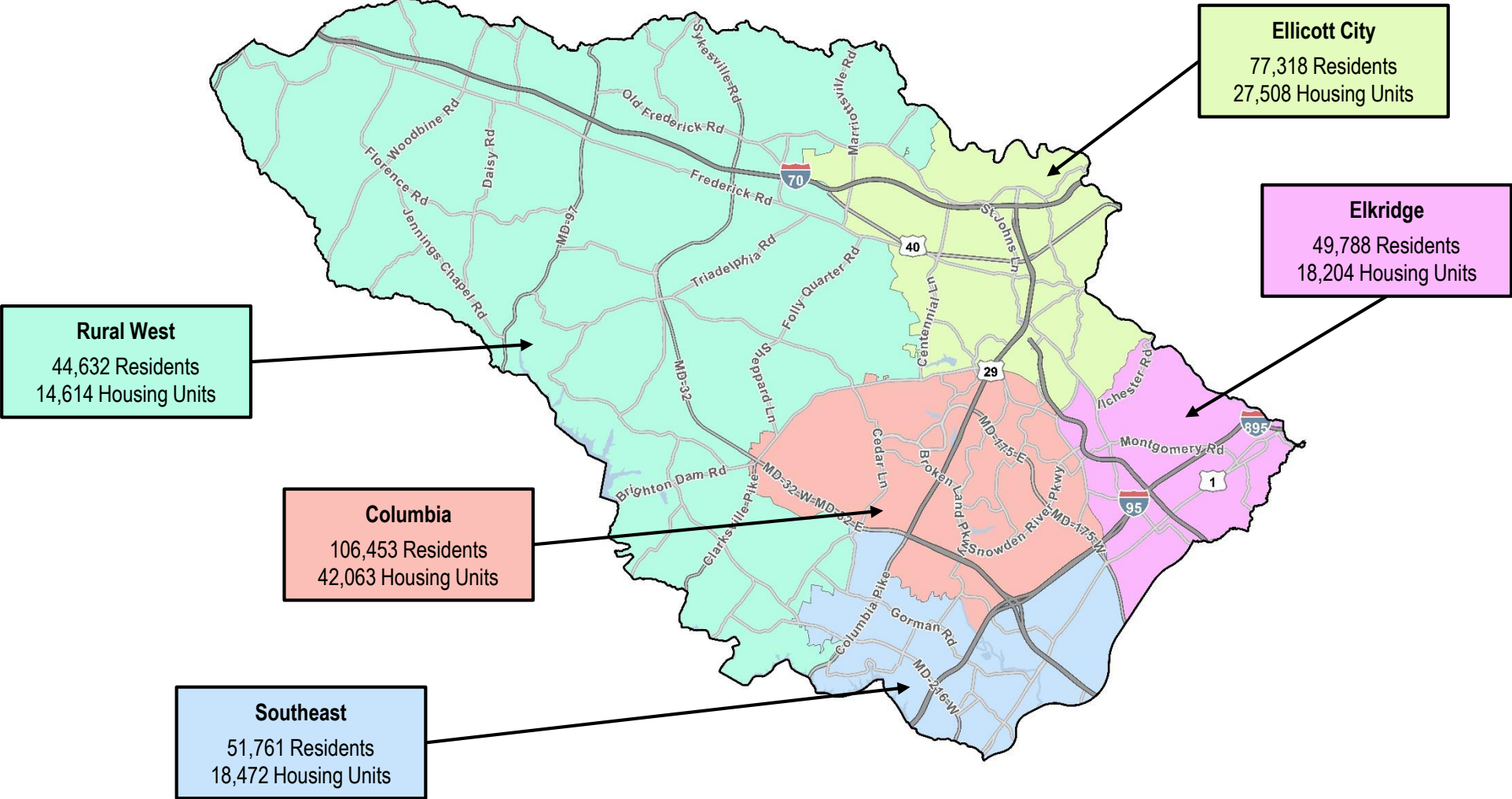
UNDERSERVED GROUPS AND STRATEGIES TO BETTER SERVE THEM

| DEMOGRAPHIC GROUP | REASON FOR BEING UNDERSERVED | WAYS TO BETTER SERVE | LIKELY IMPACT OF BEING BETTER SERVED |
|--|--|---|--|
| Workforce Families | New development is generally targeting families with higher incomes given limited units allowed to be built each year | Allow for greater quantity and diversity of homes to be supplied by the market | Allows for a greater diversity of households in Howard County, and increases the likelihood that people who work here will be able to live here as well |
| Market Rate Families | Limited number of detached homes being built, and most are large and expensive | Allow for greater quantity and diversity of homes to be supplied by the market | Allows for a greater diversity of households in Howard County, and increases the likelihood that people who work here will be able to live here as well |
| Seniors | Very few homes that fit their needs to move and/or downsize into, especially in the case of newer homes | Develop a greater diversity of housing, including small-lot and single-story homes; potentially 55+ communities | Increases the likelihood that these households will stay in Howard County but move out of their existing homes, thereby freeing up older forms of housing |
| Low-Income Renters | Most new rental product is more urban and more expensive, and older product runs the risk of being redeveloped over time | Preserve existing garden-style rental apartments, which are generally older and more affordable | Allows for a greater diversity of households in Howard County, and increases the likelihood that people who work here will be able to live here as well |
| Professionals & Other Renters-By-Choice | Many of these renter households could afford newer and/or nicer product than the homes in which they live today | Develop more market-rate apartments, likely in urban and/or urbanizing locations | Reduces the likelihood of higher-income households crowding out the rental market for households that require older apartments that are more attainably priced |

SUBMARKET COMPARISON

SUBMARKET OVERVIEW

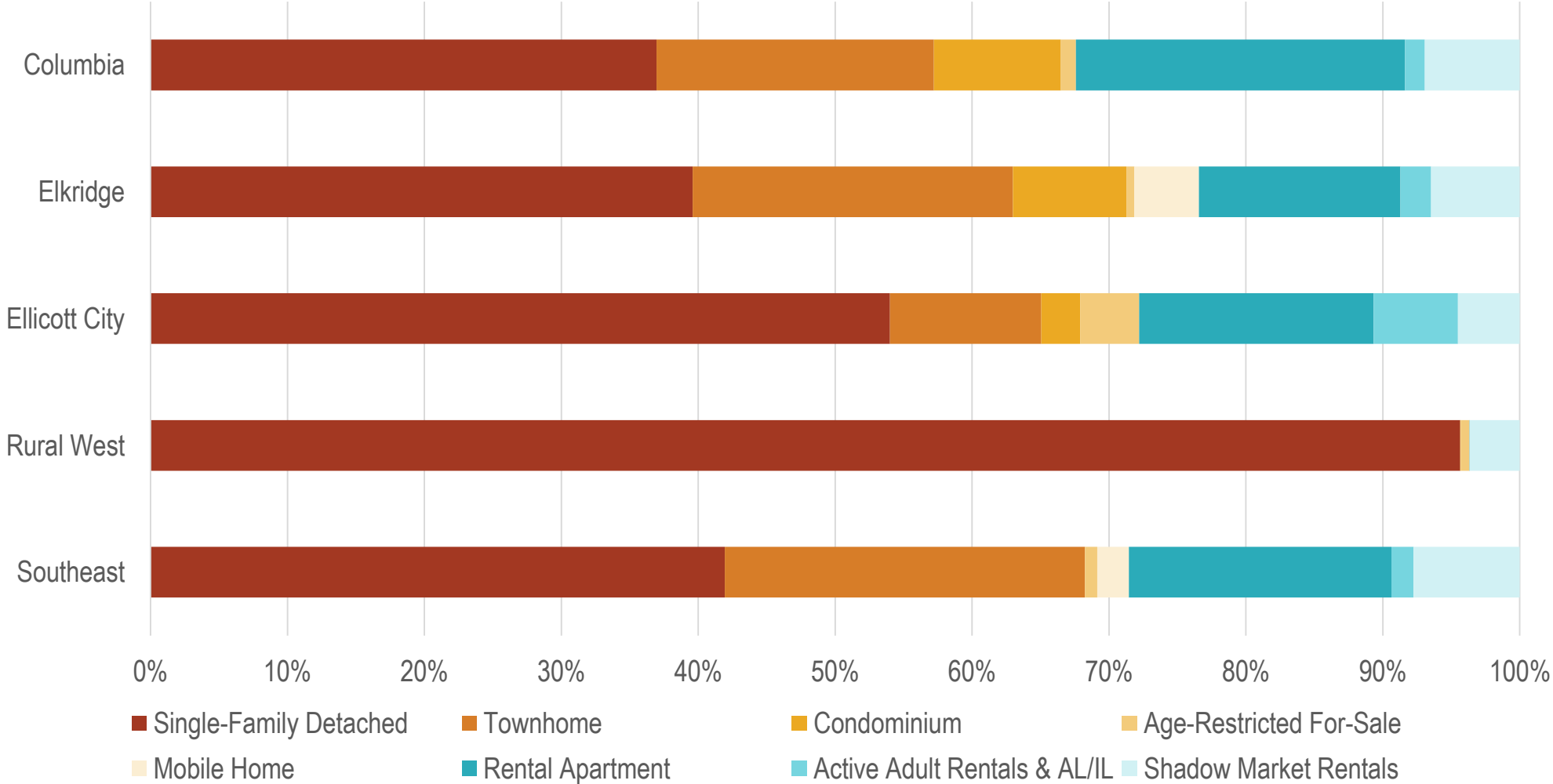
Map of Submarkets, 2020;
Howard County, MD



HOUSING INVENTORY COMPARISON

DISTRIBUTION ACROSS EACH SUBMARKET

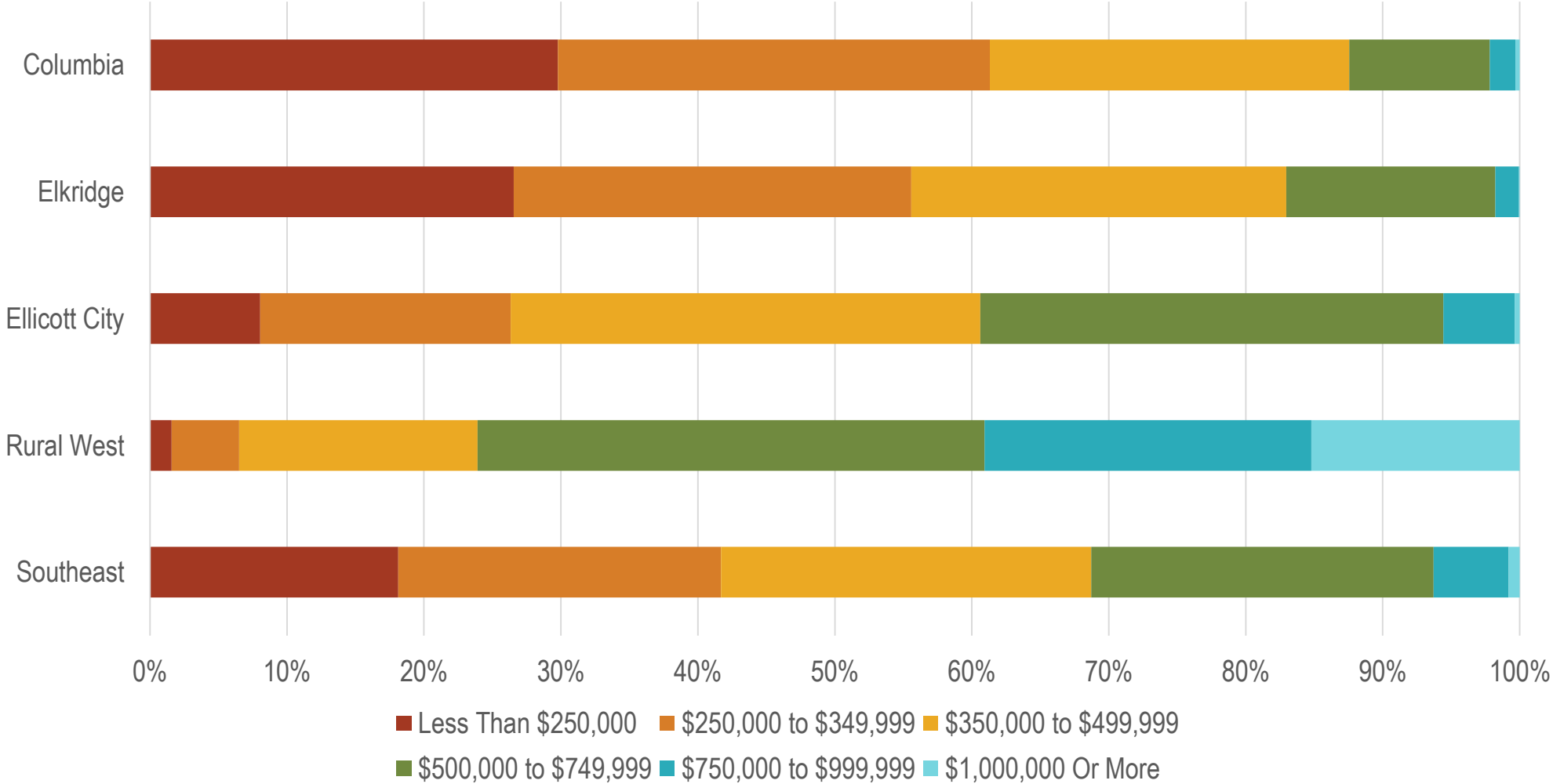
Distribution of Housing Inventory, 2020;
Howard County, MD



SALES PRICE COMPARISON

MANY SALES BELOW \$500K, OUTSIDE OF PRICIER RURAL WEST

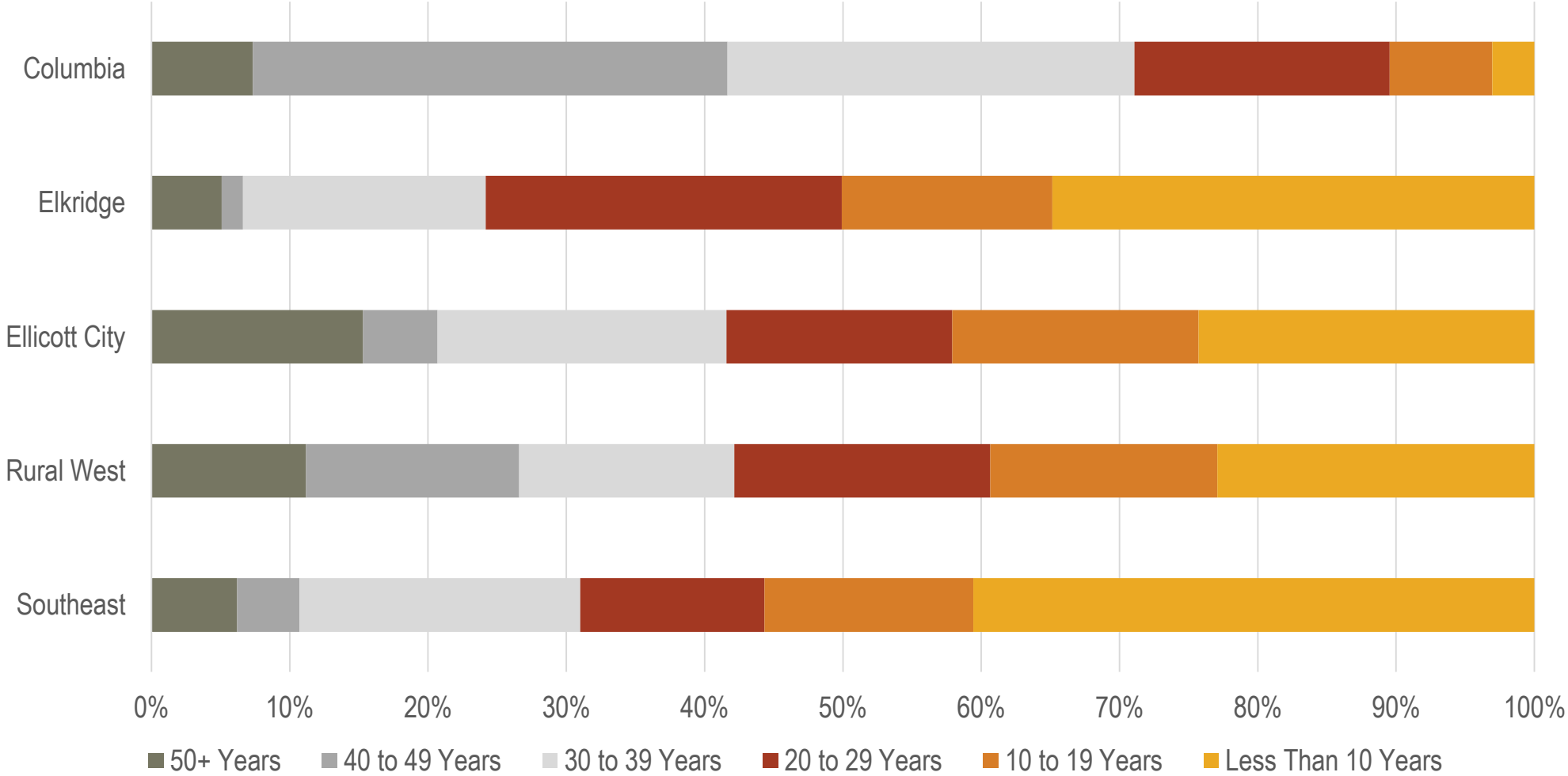
Price Distribution of Homes Sold, 2015-2018;
Howard County, MD



HOUSING AGE COMPARISON

GENERALLY OLDER IN COLUMBIA; NEWER IN OTHER LOCATIONS

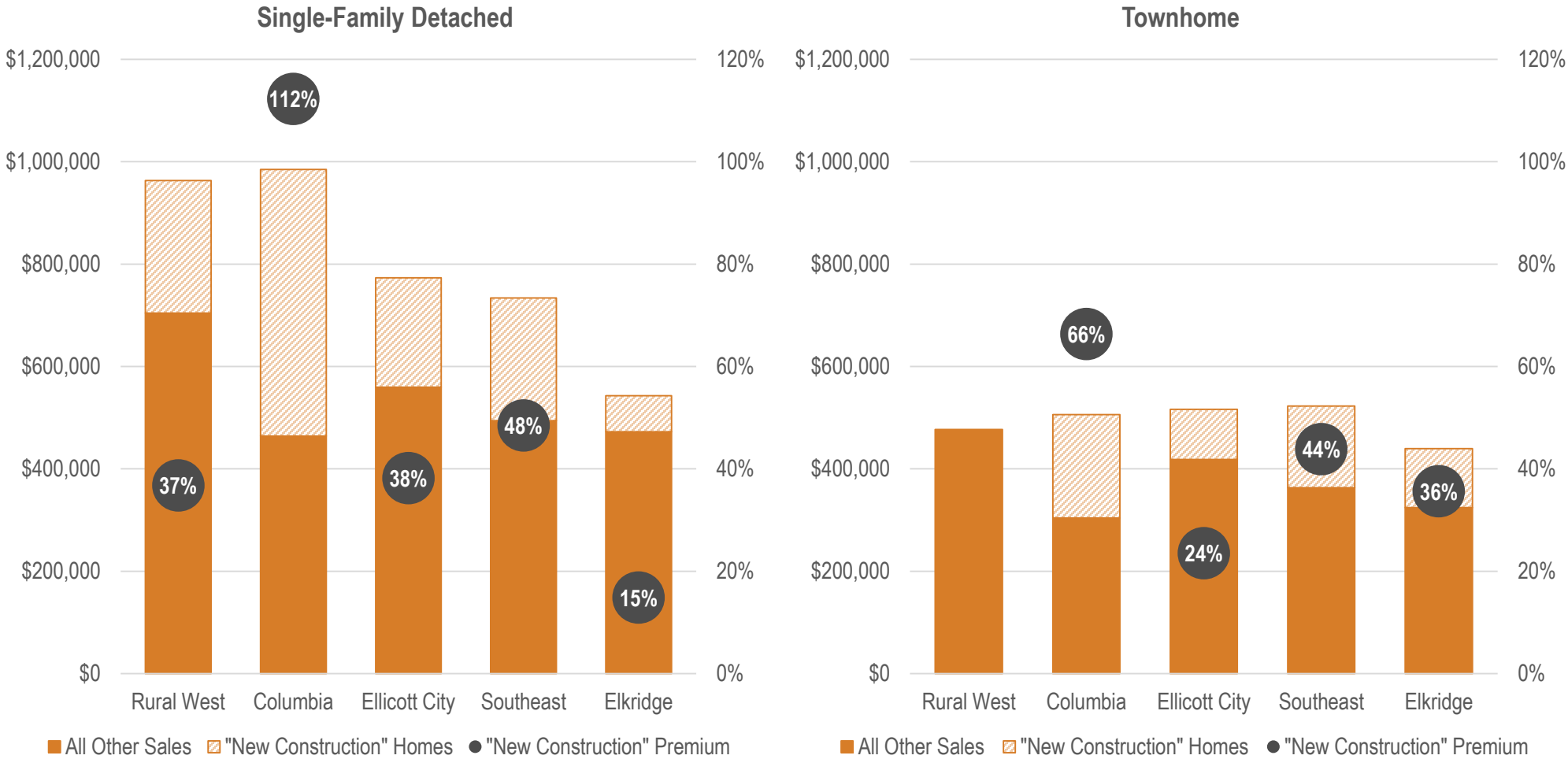
Age Distribution of Homes Sold, 2015-2018;
Howard County, MD



PREMIUM FOR NEW PRODUCT

HIGHEST IN COLUMBIA, LIKELY DUE TO LIMITED SUPPLY

Average Sales Price for "New Construction" and All Other Homes, 2015-2018;
Howard County, MD



Note: "New Construction" is defined as those homes that were built within one year of the year in which they sold
Source: Maryland Department of Planning; RCLCO

SUMMARY

KEY FINDINGS

WHAT WE'VE LEARNED SO FAR

- ▶ The region is growing as new jobs are created, and these jobs are bringing more workers to the area than the amount of new housing that is being built.
- ▶ Howard County is more affluent than its neighbors, and it has more families and middle-aged households. This dynamic is partially created by its housing supply, coupled with the other factors that make the County a desirable place to live, and then reinforced by limited new supply additions.
- ▶ Far fewer people who are employed in Howard County also live there, compared to nearly every other jurisdiction in the Washington-Baltimore region, and there is little variance by income. Howard County has less housing than it needs across all household types and income bands, and it is not building enough to keep up with job growth.
- ▶ Howard County is underbuilding new housing considering the size of its workforce. The County has a lower ratio of housing units to jobs than other nearby jurisdictions, and it requires between 30,000 and 40,000 additional housing units to catch up to these areas.
- ▶ Over the last 10 years, Howard County added an average of 1,125 homes per year, far less than the 2,500 to 3,000 homes it should have added based on employment trends. This difference suggests that Howard County is building half as much housing as it needs to keep up with job growth.

KEY FINDINGS

WHAT WE'VE LEARNED SO FAR

- ▶ Most new housing being built by the market is affordable to households making more than 80% of AMI (rental) and more than 120% of AMI (for-sale).
- ▶ Just 9% of housing in Howard County is affordable to households making less than 60% AMI, and virtually no for-sale homes that have been built in the last two decades are affordable to this group.
- ▶ As such, Howard County has less than its fair share of low- and moderate-income households than other nearby counties.
- ▶ The vast majority of low-income renters are spending more than 30% of their incomes on housing. In Howard County, three-quarters of such “cost-burdened” renters make less than 60% of AMI.
- ▶ Meanwhile, a lack of for-sale housing is contributing to cost burdens at all income levels. In Howard County, the number of owners that spend 30% or more of their incomes on housing is equally split between households making less than 80% of AMI and households making more than 80% of AMI.
- ▶ Today, underserved groups in Howard County include market-rate families, workforce families, seniors, low-income renters, and professionals and other renters-by-choice. In almost all cases, these households require a greater amount and diversity of housing than what exists today.

SWOT ANALYSIS

DRAFT SWOT ANALYSIS

BASED ON RESEARCH TO-DATE

| | |
|--|---|
| <p style="text-align: center;"><u>STRENGTHS</u></p> <ul style="list-style-type: none"> • The quality of life and services in Howard County is really high for people who already live here • Howard County is experiencing significant employment growth, with much of that growth requiring a skilled or well-educated workforce • Some new communities (e.g. Maple Lawn) have demonstrated that the market can offer a greater amount of missing middle housing • Howard County has a high homeownership rate, even controlling for income • Brand new rental housing is often affordable to households in the 80-120% AMI range, even in the most desirable locations • Rouse’s vision for Columbia means that there is a broader range of housing in Howard County compared to many of its peers • There are already tools in place to help homeowners keep up with the quality of their homes • Howard County is already cognizant of the issues around special needs housing (e.g. people with disabilities), at least more so than other jurisdictions tend to be • Hypothesis – Howard County already has 1,000 units of public housing, though we need to look into quality, expansion, etc. | <p style="text-align: center;"><u>WEAKNESSES</u></p> <ul style="list-style-type: none"> • Howard County has systematically underbuilt housing • New development today is less diverse than the housing inventory overall. Today, the market is almost exclusively offering very large detached homes and townhomes. • No clear strategy to address infrastructure and public facility capacity issues • Lack of a defined preservation strategy for older rental housing • Far fewer people who work in Howard County live there today compared to other jurisdictions • Because the majority of the Howard Community is high-income, it is easy to overlook its diversity • The way in which Howard County is imagining and planning for future development continues to be rooted in how it has been done in the past (e.g. greenfield development) • The high cost of for-sale housing in Howard County impacts households of all economic segments • Given the lack of public-facing information on affordable housing, developers may not be aware of the tools in place, or the emphasis that Howard County puts on it. • Hypothesis – Lack of focus/strategy and capital for non-public or Section 8/HUD-assisted rental housing |
| <p style="text-align: center;"><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"> • The market is capable of supplying many of the types and price points of housing that are not being built today, with limited or no subsidies • Redevelopment and infill development are only just beginning to occur in Howard County, meaning there are still many opportunities to shape the way these forms of development occur • Current redevelopment projections are predominately limited to sites with existing plans, and do not fully reflect the amount of land area in Howard County that could support more housing • Housing stock is reaching the point where much of it is nearing the end of its useful life and needs to be recapitalized (e.g. older garden-style opportunities, older single-family homes). When this happens, there could be opportunities to add more density in order to address growth patterns and affordability concerns. • Howard County is reaching a good time to put in place a program in order to help preserve older, “naturally occurring” affordable housing (60 to 80% AMI), as few of these units have been lost already. This preservation strategy should not preclude new housing from being developed. • Prevalence of lower-density housing typologies present opportunities for infill redevelopment and additional density near existing infrastructure. | <p style="text-align: center;"><u>THREATS</u></p> <ul style="list-style-type: none"> • The makeup of the housing market does not match the diversity of the employment base in Howard County, which may limit its ability to continue to attract workers to fill these important jobs going forward, eventually limiting economic growth. When economic growth slows, it constrains fiscal budgets, leading to increases in taxes and/or reductions in services • Much of the housing inventory in Howard County is older, and it continues to grow increasingly dated • Existing resources are not sufficient to meet current and future capacity and demands (schools, transportation, etc.) • The APFO is accelerating capacity issues by cutting off the ability of the county to increase its tax base • General resistance to new development in Howard County • There continue to be issues with special needs housing, with significant needs going forward, and this does not even consider the fact that many caregivers likely have trouble affording housing nearby • The combination of high land values and current policies make it challenging to maintain the affordability of housing when redeveloping it (e.g. “McMansion-ization,” as opposed to densification) • When coupled with entitlement constraints, unmet demand for high-end homes crowds out opportunities to serve the middle of the market • Hypothesis – Bias towards homeownership, lower density residential forms |

DRAFT SWOT ANALYSIS

GROUP DISCUSSION

| | |
|-----------------------------|--------------------------|
| <p><u>STRENGTHS</u></p> | <p><u>WEAKNESSES</u></p> |
| <p><u>OPPORTUNITIES</u></p> | <p><u>THREATS</u></p> |



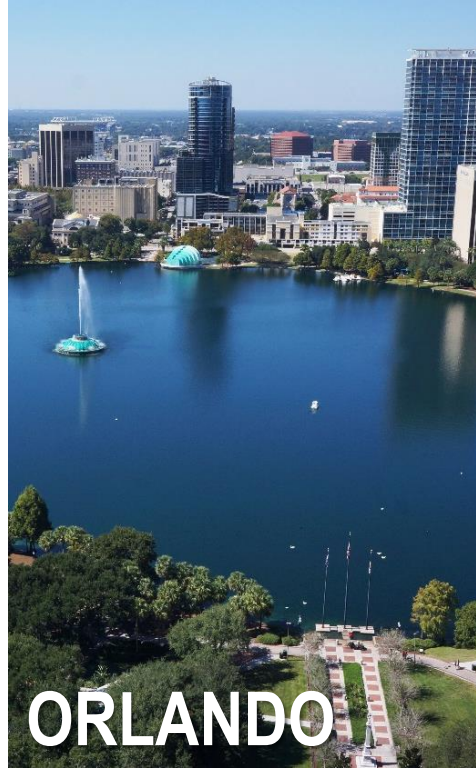
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