

## Chapter 7 – Housing

### Introduction

Housing is a basic need and plays an important role in developing and maintaining successful, sustainable living environments. Quality and affordable housing is important to the long-term economic and social vitality of the County. It encourages residents to take pride and ownership in the well-being of their properties and their neighborhoods, which helps to build a stable community of long-term residents and helps to create a stronger sense of place, community identity, and civic pride. Housing opportunities for both owner and rental-occupied units can be positively affected by effective community development policy, which should stress the provision of a wide variety of housing opportunities for all ages, incomes, and abilities.

This section sets forth overarching housing goals and discusses existing housing conditions, needs and trends in Dorchester County. It then recommends strategies and policies towards creating better housing opportunities.

### Goals

The County's housing goals are:

- Create a variety of housing types that are affordable to residents at all needs, ages and income levels.
- Direct housing development to the Towns and designated growth areas.
- Encourage rehabilitation and renovation of existing older substandard housing units.

### Housing Trends, Issues and Needs

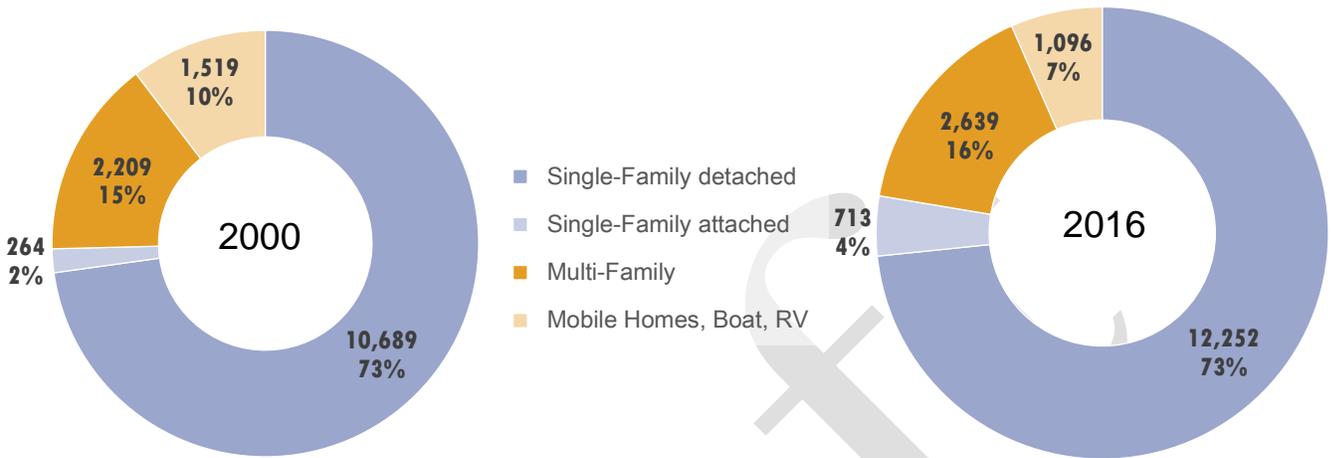
#### Housing Stock, Occupancy and Tenure

Housing Stock - Between 2000 and 2010, the number of housing units in Dorchester County increased from 14,681 to 16,554. Per the 2016 American Community Survey, the total number of housing units in Dorchester County was 16,700 units. Just over half (52%) are within incorporated municipalities of the County, mostly Cambridge. Of the total number of units in 2016, 13,206 were occupied (79%) and 3,494 were vacant<sup>1</sup> (21%). Between 2000 and 2016, the mix of housing units in the County changed slightly. The share of single family detached units continued to consist of 73% of the total County share. The share of single family attached units doubled to 4% of the total units in the County. The share of multi-family housing units (apartments and townhomes) increased from 15% to 16%. The share of mobile homes, boats, RVs and similar units decreased from 10% to 7% of total units in the County. See Figure 7.1 – Housing Type (2016).

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<sup>1</sup> Per the U.S. Census Bureau, a housing unit is vacant if no one is living in it at the time of the interview, unless its occupants are only temporarily absent. A vacant unit may also be one which is entirely occupied by persons who have a usual residence elsewhere. New units not yet occupied are classified as vacant housing units if construction has reached a point where all exterior windows and doors are installed and final usable floors are in place. Vacant units are excluded if they are exposed to the elements, or if there is positive evidence (such as a sign on the house or block) that the unit is to be demolished or is condemned. The ACS provides estimates of vacant units by type of vacancy and calculates estimates of rental and homeowner vacancy rates for most areas included in the decennial census.

Figure 7.1 – Housing Type (2000 and 2016)



Source: U.S. Census Bureau, American Community Survey, 5 Year Estimates 2012-2016

While over 2,000 housing units have been added to the county housing stock between 2000 and 2016, a 14% increase, the population has increased only 6% in comparison. About 87% of the new housing units constructed during this time period have been single family homes generally located on lot sizes of greater than one acre.,

Occupancy - Between 2000 and 2016, occupied housing units decreased from 87% to 79%. The homeownership rate (i.e. owner-occupied housing units) declined from 70% in 2000 to 65% in 2016.<sup>2</sup> Renter-occupied units increased from 30% to 35%. See Figure 7.2 – Occupancy Status and Tenure for the values in 2016. Also, the average household size has been getting smaller; decreasing from 2.7 people per household in 1980 to 2.4 in 2010; a trend that is projected to continue and be 2.5 by 2030.<sup>3</sup>

2016, 3,494 vacant housing units comprised 21% of the total housing units in the County up from 1,975 units or 13% of the total housing units in 2000. In comparison, the vacancy rate for the State in 2016 was 10%. The highest amount and highest percentage of vacant units was in the western part of the County, in census tracts 9708.04, which had 482 vacant units and 37% of the total number of housing units being vacant. The Neck District (census tract 9707.02) also had a relatively high number of vacant housing units of 470 units, which was 22% of the housing units in the tract. See Map 7.1 for the number and percentage of vacant housing in each census tract.

**DOES THE COUNTY HAVE DATA ON ABANDONED HOUSING UNITS DUE TO FLOODING?**

In 2016, approximately 37% of the vacant units in the County were temporarily occupied for seasonal, recreational, or occasional uses. This is double the amount of seasonal, recreational, or occasional uses in 2000 and may be indicative of a growing market for vacation rentals and second houses in the County. About 12% of the vacant units were units that were not occupied for reasons that they were in transition by being for sale or for rent.<sup>4</sup> The remaining 51% were vacant for other reasons, such as an extended absence, is abandoned or possibly to be demolished or condemned. See Figure 7.2 – Occupancy Status and Tenure.

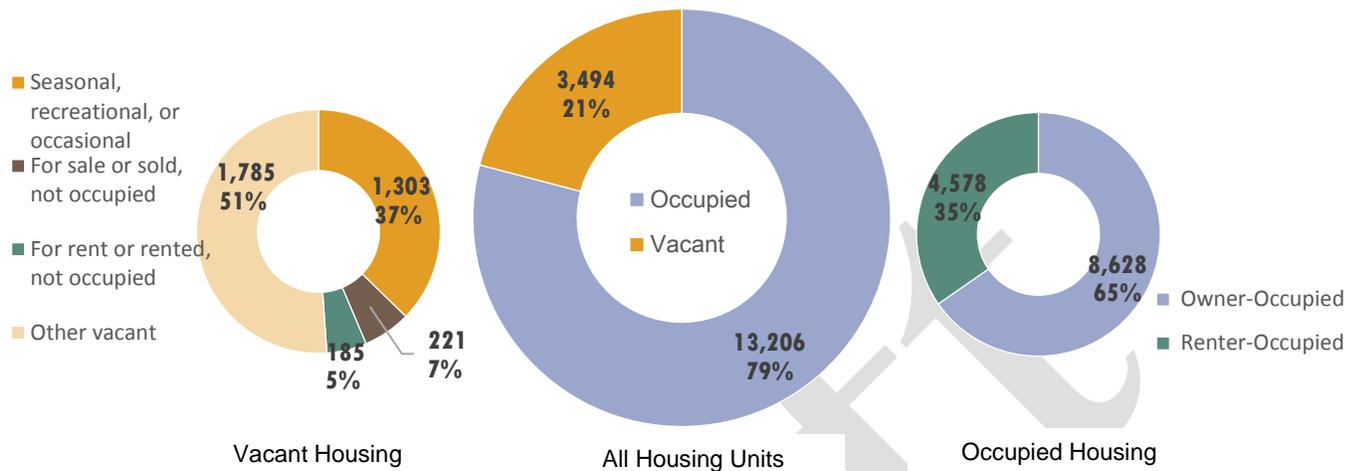
Table 7.1 summarizes 2000 and 2010 census housing data and American Community Survey estimates for 2016. Additional housing figures are provided in Chapter 2 – Community Profile.

Figure 7.2 – Occupancy Status and Tenure (2016)

<sup>2</sup> Homeownership Rate is the proportion of occupied housing units (households) that are occupied by the owners. It is computed by dividing the number of households that are occupied by the owners by the total number of occupied housing units.

<sup>3</sup> Maryland Department of Planning, Projections and State Data Center

<sup>4</sup> U.S. Census Housing Definitions and Explanations, <https://www.census.gov/housing/hvs/definitions.pdf>



Source: U.S. Census Bureau, American Community Survey, 5 Year Estimates 2012-2016

According to Maryland Department of Planning (MDP), the County was projected to gain 852 households for a total of 14,374 households between 2010 and 2020 and continue to increase by 2,553 households for a total of 16,927 households between 2020 and 2040.<sup>5</sup> Based on the ACS 2016 household estimate of 13,206, the County does not appear on track to reach this household projection.

#### Aging Housing Stock

Given the modest increase in new housing development over the last decade, statistically-speaking, the overall existing housing stock has been aging. The median year housing structures are built can be an indicator of the condition and livability of the housing stock. Older buildings typically require a greater degree of upkeep and maintenance. While numerous factors influence the cost to maintain homes, older structures typically cost more to rehabilitate than new construction and have a greater chance of deteriorating and being neglected or even abandoned. In 2016, 19% of the housing units within the County were built before 1939. The median year that a housing unit was built in the County was 1974, which is the same median year of housing in the State. The oldest housing stocks are within the Cambridge waterfront area and the Neck District, with median ages of 1953 and 1969, respectively. The youngest housing stocks are within the northern part of the County around Hurlock, with a median age of 1986.

#### Household Income and Value

Dorchester County does not appear to have housing affordability issues as whole, however is encountering an increasing gap between household incomes and housing costs/values as well as a high number of foreclosures. The primary measure of housing affordability is the share of the household's income spent on housing. In general, housing costs that are more than 30% of the household's annual income are defined as unaffordable. Owner and renter households paying in excess of 30% of their income on housing costs are considered cost burdened. Related to the need for affordable housing, is the need for workforce housing. Workforce housing can address the needs of households making somewhat less than the Area Median Income (AMI)<sup>6</sup> or somewhat more than the AMI. For example, workforce housing could meet the needs for households making somewhere between 80% to 120% of the AMI.

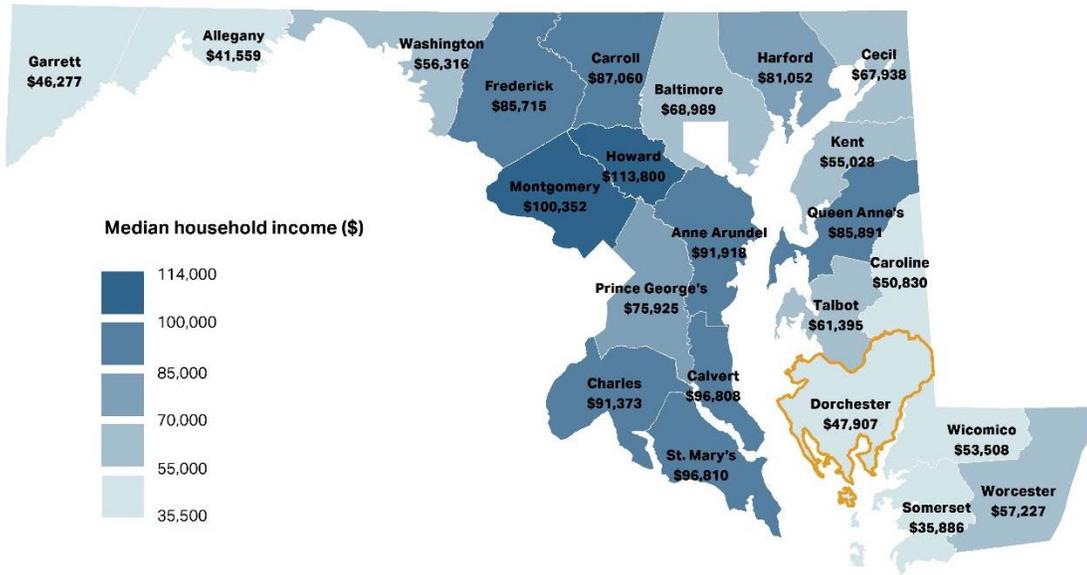
**The median household income** in Dorchester County in 2016 was \$47,907, which is \$28,160 less than the median household income for the State of Maryland (\$76,067) and the fourth lowest median household income of all counties in the State.<sup>7</sup> See Figure 7.3. According to 2012-2016 ACS estimates, approximately 3,300 households in the County earn less than 60% of the AMI, which is one-quarter of all the households in the County.

<sup>5</sup> Maryland Department of Planning, Projections and State Data Center

<sup>6</sup> For the purposes of this plan, AMI refers to the Median Household Income of the County

<sup>7</sup> 2012-2016 American Community Survey 5-Year Estimates

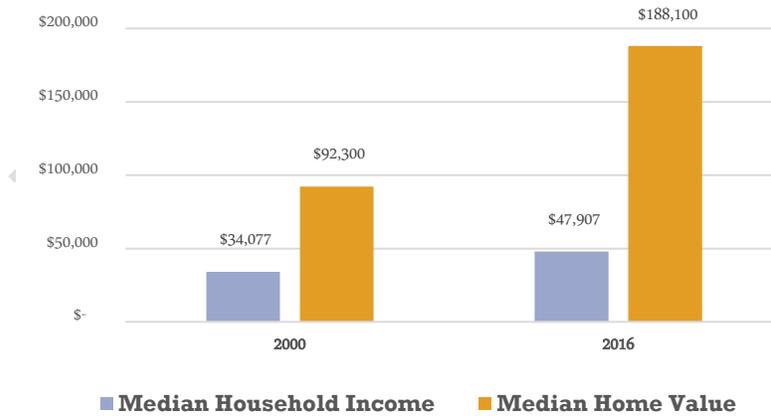
**Figure 7.3 - Median Household Income by County**



Source: 2012-2016 American Community Survey 5-Year Estimates

**Median house prices** overall are lower in Dorchester County compared to the State median, but this does not mean that housing is more affordable. A substantial gap has grown between housing value and resident incomes. Between 2000 and 2016, the median housing value doubled (100% increase) from \$92,300 to \$188,100. The median household income also increased, but at a much slower rate of 41%, from \$34,077 to \$47,907. See Figure 7.4. The State experienced a similar gap increase in the same period where the median home value doubled from \$146,000 to \$290,400, and income increased 43%, from \$52,868 to \$76,067.

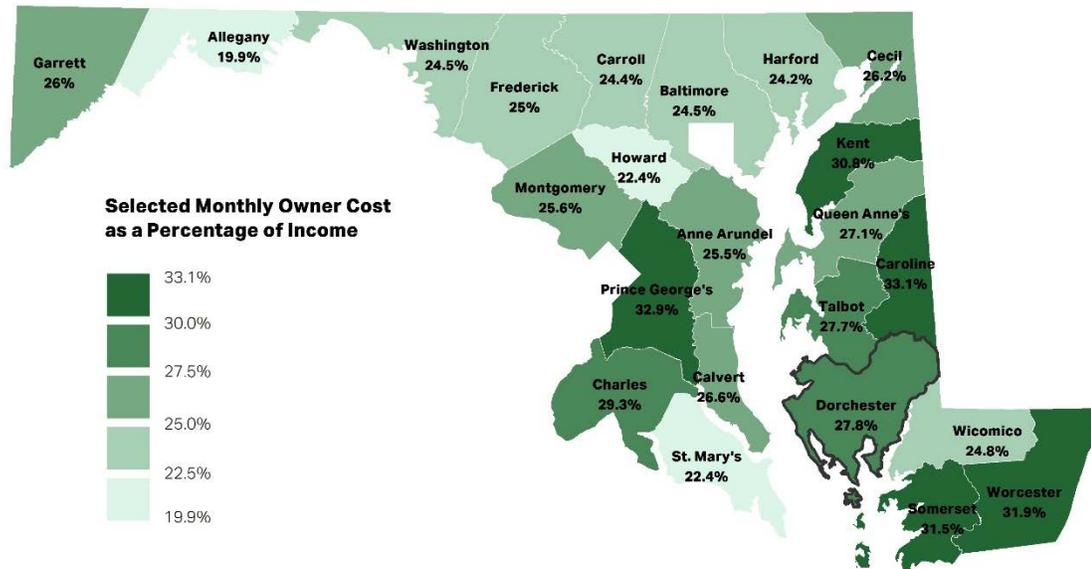
**Figure 7.4 - Median Household Income and Home Value**



In 2016, of all owner-occupied housing units in the County 5,273 units (60%) had a mortgage. Monthly owner household costs with a mortgage were significantly higher than owner-occupied households without a mortgage. The median monthly owner cost with a mortgage was \$1,440 compared to \$529 for owners without a mortgage. 2,383 owner-occupied housing units (27.8%) spent more than 30% of their household income on housing.

83% of these households had a mortgage. See Figure 7.5 for household costs as a percentage of income for Maryland counties.<sup>8</sup>

**Figure 7.5 – Selected Monthly Housing Costs as a Percentage of Income**



Source: 2012-2016 American Community Survey 5-Year Estimates, DP04

Although the median rent almost doubled between 2000 and 2016, from \$465 to \$850, it is the second lowest on the Eastern Shore. Still, Dorchester County renter households have experienced affordability issues with respect to the amount of household income spent on monthly housing costs. In 2016, 2,213 renter households (53%) spent 30% or more of their household income on monthly housing costs.

In 2017 and 2018, the Maryland Department of Housing and Community Development (DHCD) published a report entitled Maryland Housing Beat that provided a myriad of housing statistics and indices. To assess housing affordability, the publications utilized the Single-Family Housing Affordability (HA) Index that...*predicts the financial ability of a typical family residing in a Maryland jurisdiction to qualify for a mortgage loan on a typical home, given that month's mortgage rate and the jurisdiction's median home price and median income.*<sup>9</sup> An index above 100 indicates that a median income household has more than enough income to qualify for a mortgage loan on a median-priced home. As of March 2017 and September 2018 (the dates of the respective publications), Dorchester County ranked 6<sup>th</sup> (with 1<sup>st</sup> being the most favorable ranking for affordability) of all Counties in the State in the HA Index for both first-time home-buyers and repeat buyers. The median home price was \$127,075 and the homeownership affordability index for first time homebuyers was 103.6 which is classified as affordable. The State index was 85.5 with a median home price of \$244,5445. (Affordability Indices for First Time Homebuyers in Local Jurisdictions, September 2018). It is also noted that the Maryland Housing Beat reported new foreclosure filings in September 2018 increased by 233.3% in the County since September 2017 levels.

#### Aging Population

The share of income spent on housing is a primary concern for the County's senior population, many of whom live on fixed incomes and thus have less ability to afford increasing housing costs. As discussed in Chapter 2 – Community Profile, Dorchester County has a large and increasingly elderly population. The

<sup>8</sup> Selected monthly owner costs are calculated from the sum of payment for mortgages, real estate taxes, various insurances, utilities, fuels, mobile home costs, and condominium fees. When combined with income, a new item is created -- Selected Monthly Owner Costs as a Percentage of Household Income, for computed units. This item is used to measure housing affordability and excessive shelter costs. Many government agencies define excessive as costs that exceed 30% of household income.

<sup>9</sup> Maryland Housing Beat, Maryland Department of Housing and Community Development, 2018

number residents that are over 60 years has significantly increased since 2000. The 60 to 64 age group, which the most common age to retire<sup>10</sup>, has increased the most with a 52% increase between 2000 and 2016. An increasingly older population will mean a greater demand for modestly priced housing that serves the special needs of the elderly. An aging population will place new demands on housing in terms of affordability, size, and proximity to community facilities and services. The population of residents over 60 years is projected to increase over the next 20 years in the County, on the Eastern Shore, and Statewide.<sup>11</sup>

#### Manufactured Housing

Manufactured housing policies are another consideration important to the topic of affordable housing. The County currently permits manufacture housing meeting basic criteria to be located anywhere a detached single-family unit is permitted. The County also permits manufactured home parks. Pre-existing manufactured and mobile homes in certain locations are allowed and may be replaced.

According to the 2016 American Community Survey, approximately 6.3% of the County's housing stock was manufactured or mobile homes, about 4.5% less (as a percentage of total housing stock) than the amount counted in the 2010 Census. The number of mobile or manufactured homes in the County was 1,410 in 2010, compared to 1,054 in 2016 which continues the decreasing trend in this type of housing.

The County's Zoning Ordinance includes a Manufactured Home Overlay District (MH) that recognizes the areas of the County where concentrations of older manufactured homes exist. Because of these concentrations, certain categories of manufactured homes are permitted in the MH that are not permitted in other districts. In areas outside of the MH, manufactured homes are permitted as replacements for existing mobile homes, or must meet criteria for looking like site-built homes. Criteria include double-wide size, permanent foundation, and a minimum roof pitch of 4:12.

#### Summary

While the County received a satisfactory affordability index per the DHCD Housing Beat report(s), the number of foreclosures and the increasing gap between incomes and home values is a concern. If the trend continues, a large percentage of housing stock in the County could become out of financial reach of low to moderate income residents. With rising home values as a percentage of income, an aging population and housing stock, a lack of variety of housing types, many County residents many find it difficult or impossible to obtain housing to meet their needs.

**Table 7.1. Housing Data Summary**

	Dorchester County			Maryland 2016
	2000	2010	2016	
# Housing Units	14,681	16,554	16,700	2,421,909
Occupied Housing Units	12,706	13,522	13,206	2,179,718
<i>% occupied<sup>1</sup></i>	87%	82%	79%	90%
Vacant Housing Units	1,975	3,032	3,494	244,613
<i>% Vacant<sup>1</sup></i>	13%	18%	21%	10%
Owner-occupied	8,906	9,263	8,628	1,447,783
<i>% Owner-occupied<sup>2</sup></i>	70%	69%	65%	66%
Renter-occupied	3,800	4,259	4,578	729,709
<i>% renter-occupied<sup>2</sup></i>	30%	31%	35%	33%
Single Family detached	73%	75%	73%	52%
Median Household Value	\$92,300	\$205,000	\$188,100	\$290,400
Median Rent	\$456	\$704	\$850	\$1,264
Owner Costs of Household >30%	27%	35%	26%	26%
Median Year Structure Built	n/a	1968	1974	1976

<sup>10</sup> <https://dqydj.com/average-retirement-age-in-the-united-states/>

<sup>11</sup> Household Projections, Maryland Department of Planning, Projections and State Data Center, August 2017

Structure Built before 1939	23%	24%	19%	12%
Mobile or Manufactured Homes	1,519	1,410	1,096	36,138

Source: U.S. Census Bureau Decennial Census 2000 and 2010; American Community Survey, 5 Year Estimates 2012-2016

1. As a percentage of total number of housing units.
2. As a percentage of the total number of occupied households.

## Housing Programs

This section discusses the work of agencies and organizations that help provide affordable and workforce housing in Dorchester County.

### USDA Rural Development

The USDA Rural Development's Rural Housing Service aids first-time low-income homebuyers through various loan programs:

- Single-Family Home Loan Program (Section 502): Also known as the Section 502 Direct Loan Program, this program assists low- and very-low-income applicants obtain decent, safe and sanitary housing in eligible rural areas by providing payment assistance to increase an applicant's repayment ability. Payment assistance is a type of subsidy that reduces the mortgage payment for a short time. The amount of assistance is determined by the adjusted family income .
- Guaranteed Single-Family Home Loan Program: This program assists approved lenders in providing low- and moderate-income households the opportunity to own adequate, modest, decent, safe and sanitary dwellings as their primary residence in eligible rural areas. Eligible applicants may build, rehabilitate, improve or relocate a dwelling in an eligible rural area. The program provides a 90% loan note guarantee to approved lenders to reduce the risk of extending 100% loans to eligible rural homebuyers.

### Maryland Department of Housing and Community Development

The Maryland Department of Housing and Community Development (DHCD) offers a wide array of homeownership and rental housing programs designed to help families find, rehabilitate, maintain and keep affordable and livable housing in communities throughout the state, including Dorchester County. These programs work to revitalize communities and are used by a mix of state, local and non-governmental organizations.

- Maryland Mortgage Purchase Program: Home mortgages provides 30-year fixed-rate home loans to eligible homebuyers purchasing in Maryland. Loan terms are competitive with other home loan products on the market, and the program provides a range of associated financial incentives and other assistance, such with discounted interest rates and limited down payment assistance for moderate income households.
- Special Loans Program: Home improvement loans for low- and moderate-income home owners.
- Low-Income Housing Tax Credit Program: Awarded to qualified developers of low-income rental to invest in the construction and rehabilitation of rental housing for low- and moderate-income families.
- Independent Living Tax Credit. State income tax credit applied against home improvements to increase accessibility for home owners, family members, or a rental property.
- Rental Housing Works. Designed to create jobs and strengthen the state economy by providing gap financing for the creation and preservation of affordable rental housing financed through the DCHD's Multifamily Bond Program and Low-Income Housing Tax Credit.
- Partnership Rental Housing Program. Deferred loan program to local governments and qualified nonprofits to develop affordable rental housing for low income households. Projects financed through typically involve a partnership between State and local governments.
- Housing Choice Voucher Program (HCVP). Federally-funded, locally administered rental assistance program that subsidizes the rent of lower-income families, the elderly and disabled to afford decent, safe housing in the private market using federal funds.
- Community Development Block Grants (CDBG) – The CDBG program that is intended to benefit persons of low and moderate income, eliminate slum or blight and/or meet an urgent need of recent origin that threatens public health and safety. CDBG funds can apply to housing, community facilities or economic development projects.

Habitat for Humanity

Habitat for Humanity is a non-profit, Christian housing ministry dedicated to eliminating substandard housing and homelessness worldwide and making decent, affordable shelter available to residents. Using volunteer labor and tax-deductible donations of money and building materials, Habitat for Humanity constructs and renovates homes with the assistance of the homeowner/partner families. Upon completion, these homes are sold to partner families at no profit and financed with affordable no-interest loans. Habitat for Humanity Choptank, located in Trappe, MD works with qualifying families in Dorchester and Talbot Counties.

#### Community Services, Inc.

The Delmarva Community Services, Inc., (DCS) began operation in May 1974 in Dorchester County serving adults who were developmentally disabled. The DCS, which is located in Cambridge has been working in the Mid-Shore area since then to offer persons with developmental disabilities, the elderly and others opportunities to grow through effective care, education and employment. Relative to meeting housing needs of Dorchester County residents, DCS has Senior centers in Hurlock and Cambridge, which provide a variety of classes and activities.

#### Strategies

- Coordinate with the municipalities to ensure that zoning and other infrastructure needs are in place to provide for higher density development in designated growth areas, while recognizing individual community character, environmental sensitive areas, and hazard areas that are vulnerable to flooding and sea level rise.
- Coordinate with the municipalities to increase municipal water and sewerage capacity that will increase supply of land for development at higher densities where it is encouraged and supported.
- Evaluate zoning and development codes to ensure they permit and encourage a variety of housing types to meet varying needs.
- Continue to support and build partnerships with the Maryland DHCD and USDA Rural Development, and Habitat for Humanity in their affordable housing development efforts.
- Increase the supply and variety of housing through new construction and conservation and rehabilitation of the existing housing stock.
- Coordinate with social service providers to expand transportation, medical and social services access to the elderly population to support aging in place.
- Work with the Maryland DHCD, municipalities and communities to target appropriate implementation of appropriate homeownership and home rehabilitation programs.
- Coordinate with municipalities and communities to publicize and promote information to residents, and realtors about State home ownership, rehabilitation and renovation programs.
- Provide housing, property maintenance code guidance to residents, including flood protection measures in vulnerable communities.
- Remain vigilant in enforcing the County's building, property maintenance and flood protection codes.
- Consider reestablishing the Dorchester County Housing Task Force that consist of a coalition of representatives from municipalities, community organizations, private business owners, builders and developers, and individuals tasked to assess and recommend affordable housing policy for the County.
- Evaluate the possibility of creating a Dorchester County housing authority or equivalent, that would promote and facilitate housing programs, forge partnerships with State and local agencies, assist County residents, and guide resources to implement affordable housing objectives and programs.