

HOUSING

OVERVIEW

The population growth over the past few decades has created an active housing market with both benefits and challenges. The focus of this Chapter will be on ensuring the City is positioned to for a diverse range of housing options. A mixture of housing, costs, unit types, and neighborhood settings is important to meet the needs and preferences of all residents.

Housing Trends

The 2008 financial crises impacted the national housing market, where the City saw a significant downfall in building permits until 2011. Since then the housing market has not recovered, just not to the levels seen during the 2000's. Development pressure continues to be directed to the City by several conditions; restrictive land use policies in counties located closer to the region's urban centers; the lure of the City's historic downtown and desirable neighborhoods; and a generally more affordable housing stock than other Washington D.C. suburbs. The City continues to follow the Smart Growth model by accommodating much of its new housing demand in areas that are already developed or planned for development.

Housing growth in the City accelerated during the 1990s. Throughout the 1980s, the City gained 500 to 600 new housing units per year; by 2000, that figure had jumped to 945 units. Growth significantly slowed in 2008, however, housing construction has rebounded in recent years. The Metropolitan Washington Council of Governments (MWCOC) estimates that population will grow by 1.8% per year until 2030, bringing the total to 89,600 (in 35,200 households), before slowing to 0.3% per year until 2045, when the City will be home to 93,100 people (in 36,700 households).

Up until 2008, the City of Frederick 10-year average for building permit issuance remained consistent. From 2008 until 2011 however, the number fell dramatically. The average from 2008 through 2011 was only 138 permits. Since 2011, the numbers have increased to 466 units per year, but have not returned to pre-2008 levels.

1980-1989	532 building permits per year
1990-1999	550 building permits per year
2000-2009	404 building permits per year
2010-Present	387 building permits per year

[Use data to create a graph]

One of the goals of the last several comprehensive plans has been to achieve an even distribution of housing unit types within the City. Although an even distribution of housing

is healthy in most suburban communities, infill and dense development as described in the Land Use, Transportation, and other chapters will result in more townhomes and multifamily units which may lead to more compact walkable environments. To date, the City has been successful in distributing units evenly. Between 2000 and 2018, the number of residential building permits issued was evenly distributed by housing unit type among single family (31%), townhouse (31%), and multifamily (38%). Frederick County's distribution of units in 2019 was 43% single family, 35% townhouse, and 22% multifamily units.

The City currently has over 7,733 dwelling units with development approval that have not been issued a building permit (Master Plan, Preliminary Plat or Site Plan), distributed among 39 different projects. This is up from 2010 where approximately 3,500 dwelling units had development approval without issuance of a building permit distributed among 27 different projects. The projects range from large developments with over 500 units (Bloomfields, Kellerton, Renn, Tuscarora Creek, Waverly View and Wormans Mill) to smaller developments with fewer than 100 units.

HOUSING GROWTH, AFFORDABILITY, AND PRESERVATION

Despite the increase in residential construction activity in recent years, the low inventory makes housing less affordable to low- to moderate-income households. In addition, the reduced availability of new multi-family units in Frederick means that fewer moderate-income families can afford to live within the city. It should be noted that an increase in multi-family projects including those receiving Federal Low-Income Housing Tax Credits (LIHTC), has provided more options to qualified low- to moderate-income families.

According to the questionnaire as well as national trends, the most pressing housing-related issues increasingly revolve around affordable housing. Specific concern was expressed for the need to encourage housing that is affordable for the residents who wish to both live and work in the City. In 2008, the City adopted the Moderately Priced Dwelling Unit ordinance to provide for more affordable housing choices. This ordinance requires new developments to provide a mixture of affordable units or pay a fee in lieu of constructing the units. To date, most new developments have exercised the right to pay the fee in lieu. Historically, this money has been allocated and used by the Frederick Community Action Agency, a summary of the spending is contained in the table below.

[Insert 2018 MPDU Expenditure Table]

According to the U.S. Department of Housing and Urban Development (HUD), in 2018 about 44% of the renter households in Frederick spent more than 35% of their monthly income. This has increased from 29% in the year 2000. This high percentage of cost-

burdened households is one sign that rental housing costs are continuing to stretch the budgets of many households.

[Insert 2018 Census Occupied Renters percentage of monthly income Table]

Closely related to the type of homes being built in the City is the cost of those homes. Trends in recent years have shown a rapid appreciation of housing prices in the City; prices for comparable residential units increased by 7% per year during the 1990s, and by more than 10% per year since 2000. For example, a home valued at \$185,000 in the mid-1990s was worth as much as \$260,000 in 1999 and up to \$331,000 in 2006 but fell dramatically during the recession. 2008 saw the median price fall to \$270,000 range and has remained consistent. Per Bright Multiple Listing Service (MLS), the average sales price for a home in Frederick County from May 2019 – October 2019 was \$349,520.

The policies in this chapter are designed to continue the provision of a wide variety of housing options that are dispersed throughout the City. The Comprehensive Plan also encourages coordination of new residential development with other elements that help to bridge the gap between “housing units” and “community.” These other elements include neighborhood amenities, multi-modal transportation options, and employment growth and infrastructure improvements.

In addition to accommodating affordable residential growth and amenities, this chapter addresses the preservation of existing housing stock. This will be especially crucial in the historic downtown and surrounding neighborhoods. The City’s oldest housing stock is located within its core, and this stock is valuable specifically because of its historic nature.

Lastly, policies need to incentivize the inclusion of affordable housing through the incorporation of density bonuses, adjustment of development fees, and allowance of accessory dwelling units on existing lots to encourage a diverse housing stock that is affordable and accessible to all.

HOUSING ASSISTANCE AND IMPROVEMENT PROGRAMS

The City receives an annual Community Development Block Grant (CDBG) allocation from the U.S. Department of Housing and Urban Development (HUD) to assist low- and moderate-income persons and neighborhoods. The Community Development Division administers the City’s CDBG Program.

The funds are used to provide homeownership opportunities, housing rehabilitation services and support for various service organizations.

These programs are useful in improving the appearance and stability of the City's older neighborhoods and the Historic District. The programs provide opportunities for homeowners (existing and prospective) and renters to improve their quality of life and the physical and social conditions of their neighborhoods. Thus, there are several policies in this element that support the implementation of these programs. These programs are described as follows:

HOMEOWNERSHIP ASSISTANCE PROGRAM

The City provides second mortgage loans of up to \$15,000 to eligible first-time homebuyers for the purchase of owner-occupied dwellings within the City limits.

OPERATION REHAB - SINGLE-FAMILY REHABILITATION PROGRAM

The City can assist qualified low-income homeowners with loans for rehabilitation using CDBG funds and/or the Maryland Department of Housing and Community Development (DHCD) Single Family Rehabilitation Loan Programs. Typical rehabilitation jobs include upgrades to substandard systems such as electrical, plumbing, and heating; as well as structural repairs such as roofs, gutters and downspouts; and interior and exterior painting (especially lead hazard reduction work). Additionally, the City can purchase dilapidated properties, rehabilitate them and sell them to income eligible applicants. This program is available Citywide there are no application fees. Generally, cosmetic work and remodeling are not included.

COMMUNITY PARTNERSHIPS

CDBG funds are also used by organizations (generally non-profits such as the Frederick Community Action Agency) working in the areas of social improvement, affordable housing, and neighborhood redevelopment.

SENIOR HOUSING

The number of US residents over 65 years of age is growing at a high rate. In 2018, the US Census Bureau reported that with the aging baby boomer generation, the population over the age of 65 is projected to outnumber children for the first time in U.S. History. Demographic trends in the City are consistent with this increase and the demand for age restricted housing reflects the need for housing for the growing population.

[Insert US Census Bureau Statistics: <https://www.census.gov/newsroom/press-releases/2018/cb18-41-population-projections.html>]

The typical elderly household consists of an elderly person living alone. The implications of this trend for the City's ability to meet senior housing needs are critical. In response to this phenomenon, policies in the Housing Chapter identify a range of housing options and programs for the aging population. These policies are not necessarily related to encouraging the development of traditional assisted living or independent living facilities. Generally, these policies are more related to providing accessible home designs that are adaptable to the needs of an aging population (ex. garden homes and two-story homes with first-floor bedrooms, as well as condominiums). Additionally, allowing the development of accessory dwelling units for senior citizen use should be considered.

POLICY AND IMPLEMENTATION

HE POLICY 1:

Promote opportunities for a variety of housing types for current and future City residents of all income levels.

Implementation

1. Facilitate housing production by improving the predictability in the annexation, planning, and permitting process. Several growth management tools should be used to accomplish this goal including: phasing of annexations, phasing of infrastructure improvements and expanded service (roads, water, sewer).
2. Promote the production of a range of housing types in all parts of the City, including flexible zoning techniques to encourage redevelopment within areas of the City such as the East Street Corridor and adjacent to transportation hubs.
3. The City's division of Community Development should increase marketing and methods to raise awareness about the City housing programs.
4. Create incentives for master-planned developments to include affordable and senior housing units.

HE POLICY 2:

Promote the development of housing with costs that reflect the range of incomes generated within the City.

Implementation

1. Support the continuation and improvement of the City's Moderately Priced Dwelling Unit ordinance.
2. Encourage Form Based Codes to allow more flexibility in land use location so that housing, including affordable housing can be developed in areas not traditionally zoned residential.
3. Leverage Moderately Price Dwelling Unit Payment in Lieu of construction funds and CDBG funds to assist LIHTC housing developers with low interest financing to encourage the construction of additional affordable housing units.
4. Explore other options and incentives to produce more modestly-priced units. These options could include but are not limited to priority review and permit processing, fee exemptions, and property tax deferral.
5. Use community partnerships involving non-profit housing and social service agencies to increase homeownership opportunities for low-income households.
6. Explore ways to better utilize the CDBG program to provide more affordable housing.
7. Coordinate with local nonprofit organizations to explore the creation of an affordable housing land trust to provide housing to low- and moderate income families.
8. Work with non-profit agencies and community-based organizations to strengthen the City's housing counseling program to provide pre- and post-purchase counseling for low-and moderate-income first-time homebuyers.
9. Continue to support the City's mortgage buy-down program provide more affordable housing options for homebuyers.

HE POLICY 3:

Improve the availability of housing for the elderly and individuals with disabilities, as well as shelter for the homeless.

Implementation

1. Disperse the location of special needs services such as residential-care facilities, shelters, and group homes throughout the City.

2. Allow higher residential densities in moderate density multi-family zones for housing limited to occupancy by elderly or disabled households, based on the lower levels of peak period vehicle trips and reduced parking needs for these households.
3. Encourage builders to build “adaptable” homes – those homes with features that could be adapted to accommodate people of all ages and abilities.

HE POLICY 4:

Enhance multi-modal transportation options for neighborhoods and promote higher density housing near transportation hubs.

Implementation

1. Promote higher-density residential and pedestrian-friendly development within walking distance, one quarter of a mile from existing and planned public transit routes.
2. Work with the County TransIT to prioritize transit for underserved neighborhoods.
3. Facilitate the construction of bikeways and pedestrian paths within and between neighborhoods.
4. Allocate resources to complete the shared use path to provide meaningful connections around the City.
5. Promote new housing development near employment centers to reduce regional commuting.

HE POLICY 5:

Encourage the development of compact residential neighborhoods.

Implementation

1. Monitor development to achieve a higher residential density in areas closer to the city center and surrounding transit hubs.
2. Encourage infill development and redevelopment that is compatible with surrounding land uses.
3. Encourage the adaptive reuse of existing buildings for mixed use projects.

HE POLICY 6:

Support diverse residential development in the City.

Implementation

1. Through increased density and flexible development regulations, encourage new residential units within the Downtown.
2. Allow flexibility in providing accessory dwelling units in districts that currently do not permit such units.
 - a. Consider eliminating or reducing impact fees on units up to 800 square feet
3. Encourage the rehabilitation of upper-floor space in commercial zones to increase the number of residential-above-commercial units.
4. Attract neighborhood-serving retail uses such as grocery and drug stores within walking distance of residents.
5. Utilize HUD's Low-Income Housing Tax Credits program to encourage affordable housing projects.
6. Allow flexibility for appropriate commercial uses and home occupations within residential neighborhoods.

HE POLICY 7:

Work closely with Frederick County and State of Maryland efforts to ensure a balanced regional housing approach.

Implementation

1. Collaborate with Frederick County to facilitate the development of a wide range of housing options in the County and the City.

HE POLICY 8:

Work closely with other agencies to monitor progress on toward achieving the policies of this chapter.

Implementation

1. Create a Housing Department or Division that would coordinate the City's Housing Policies and efforts.

2. Create a housing committee to collect and maintain housing data and to promote housing policies adopted by the City.