

Howard County Housing Affordability Coalition

September 14, 2021

Ms. Amy Gowan, Director
Howard County Department of Planning and Zoning
George Howard Office Building
3430 Courthouse Drive
Ellicott City, MD 21043

Re: Jobs and Housing Mismatch and the Next General Plan

Dear Director Gowan:

The Housing Affordability Coalition believes that the jobs to housing ratio being considered by *HoCo By Design* would not close, but would actually widen, the affordable housing gap in the County. It would foster and strengthen an exclusionary housing plan that has been working against the affordable housing goals of the community. Continuing to pursue this imbalance is unacceptable. *HoCo By Design* must return this County to a General Plan that establishes reasonable and progressive benchmarks that will ensure Howard County is a thriving, diverse and welcoming community. Our Plan must recognize the importance of building a community that provides both jobs and homes for all of its workforce. We cannot continue to pay lip service to this tenet and must enable lower wage workers, seniors and people with disabilities to Come Home to Howard County by building housing that they can afford and that meets their needs. Our analysis follows.

Jobs to Housing Ratio

Among the metrics in most General Plans are the number of jobs that are targeted over the life of the plan and the goal number of new homes to be built. The relationship of one to the other is a jobs to housing ratio. These goals and the ratio are used to guide policies that balance and drive the need for commercial development, transportation, schools, and other government services as well as tax revenue. The higher the ratio, the greater the imbalance between employment and housing construction signaling higher home prices. A ratio below 1.00 indicates fewer jobs gained than houses built and is associated with bedroom communities.

We acknowledge that every new job projected in the scenarios will not necessarily result in a housing need. There are many reasons including affordability that a person may choose to work in the County but live somewhere outside the County. The 1:1 jobs to housing ratio, therefore, should be considered a framing metric or target. As noted later in these comments (page 3) the result of not meeting job and housing targets in the three previous General Plans has created the current housing crisis. This actuality reinforces the value of utilizing a jobs to housing metric to establish achievable *HoCo By Design* targets and supporting policy recommendations.

The Next General Plan

The four Scenarios described in *HoCo By Design* describe four different futures for the County and they each are measured by a job goal and a housing goal.

| | Scenario A | Scenario B | Scenario C | Scenario D |
|-----------------|------------|------------|------------|------------|
| Jobs Goal | 32,864 | 41,983 | 51,410 | 61,080 |
| Housing Goal | 18,763 | 23,706 | 28,897 | 36,586 |
| Jobs to Housing | 1.75 | 1.77 | 1.78 | 1.67 |

The nearly equal ratios among all 4 scenarios, whether one of these 4 scenarios or some hybrid of one or more is eventually adopted, demonstrates that the thinking about employment and housing is unchanged from the last General Plan. This plan appears to project continued underperformance of housing resulting in a high likelihood of greater price pressure on housing—new and resale—because more new employees will be looking for housing in a market with a very low resale inventory and a very limited supply of new homes.

How Many of These Future Workers Will Be Able to Afford to Live Here?

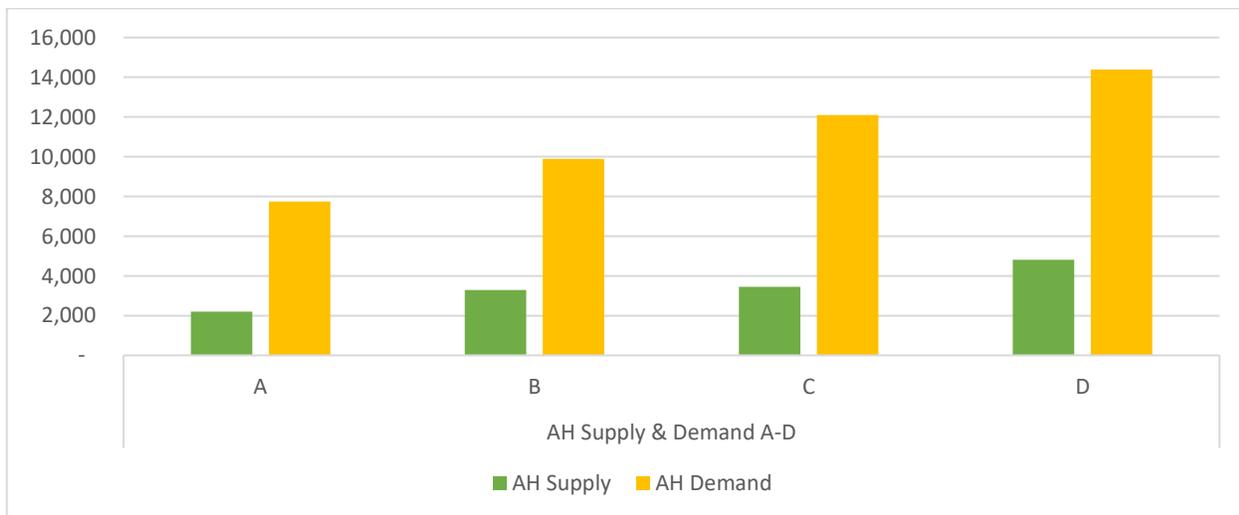
If the 33,000 to 61,000 jobs attracted to Howard County over the next 20 years fall into the same employment sectors and average wages as those now employed here, 24% of new workers will be unable to afford to live here or will face a very limited menu of housing types. These new workers fall into the following 4 categories:

Projected Employment- Scenarios A-D

| Gross Annual Wages* | | Job Type | Scenario A | Scenario B | Scenario C | Scenario D |
|---------------------|--------|-------------------------------|------------|------------|------------|------------|
| \$ | 50,596 | Education and Health Services | 3,847 | 4,914 | 6,017 | 7,149 |
| \$ | 45,656 | Natural Resources and Mining | 48 | 61 | 75 | 89 |
| \$ | 43,680 | Leisure and Hospitality | 3,033 | 3,874 | 4,744 | 5,636 |
| \$ | 25,584 | Other Services | 860 | 1,098 | 1,345 | 1,598 |
| # Jobs <\$60,000/yr | | | 7,787 | 9,948 | 12,181 | 14,473 |
| % of Total | | | 24% | 24% | 24% | 24% |

Source: DLLR Q1 2021 Employment

Of special concern are the jobs in Education and Health Services that are projected to be employed in Howard County but will face stiff competition for affordable housing. If these future employees represent the demand for affordable housing, will the projected supply of affordable housing be sufficient?



The chart above shows that demand for the future affordable units will be up to four times the projected supply. **We can and must do better.**

The Past Three General Plans’ Employment and Housing Goals

All of the General Plans since 1990 have included employment and housing goals with the stated goal of balancing. The chart below summarizes the goals for employment and housing for each of the past three General Plans.

| General Plan Name | Employment Goal | New Housing Goal | Jobs to Housing Ratio |
|-------------------|-----------------|------------------|-----------------------|
| 1990 General Plan | 55,000 | 50,000 | 1.1 |
| 2000 General Plan | 70,000 | 31,000 | 2.26 |
| PlanHoward 2030 | 60,000 | 38,850 | 1.54 |

The balanced 1.1 ratio of the 1990 Plan was significantly altered in the 2000 General Plan’s 2.26 ratio due to higher employment goals and drastic cuts to housing. The policy shift of more jobs and fewer homes in the 2000 General Plan was anchored by the need to solve a school capacity problem with growth regulations at a time when building more capacity exceeded the County’s debt tolerance.

Actual Results

This shift in policy (more jobs, fewer homes) took effect over many years. Over a longer timeframe the average ratio reveals how the employment and new home markets performed. The chart below summarizes the jobs and housing actuals in five-year increments from 1996 to 2020.

| Time Period | Employment | New Home Building Permits | Jobs to Housing Ratio |
|-------------|------------|---------------------------|-----------------------|
| 1996-2000 | 28,282 | 10,906 | 2.59 |
| 2001-2005 | 10,620 | 8,424 | 1.26 |
| 2006-2010 | 5,707 | 7,600 | .75 |
| 2011-2015 | 18,362 | 8,224 | 2.23 |
| 2016-2020 | 14,859 | 7,842 | 1.89 |

Over these 26 years the County added nearly 78,000 jobs while reducing new home construction by nearly 30%. The result was an increase in the jobs to housing ratio to 1.89 above PLANHOWARD 2030’s goal of 1.54.

Over the past ten years Howard County has issued just over 16,000 residential building permits while attracting a little over 33,000 jobs. That is a 2.06 jobs-to-housing ratio. How did this happen? The County exceeded its General Plan jobs goal by 10% while underperforming on its housing goal by almost 25%. The County built 4,500 fewer homes than its targets, creating the current housing affordability crisis.

Falling short of the housing goal was not caused by a Great Recession (ended in 2010), high mortgage rates (lowest ever) or unemployment (1.4% in the County). The problem is that the supply of new housing is over-constrained by the County’s Adequate Public Facilities Ordinance (APFO). And the near to medium term future of APFO looks like the recent past very low levels of growth—paced not by jobs or tax revenue,

but by new school construction. More buyers coming into a market with fewer new homes produced a predictable market response--higher prices.

We wish to be clear that we do not see the problem as being too many jobs; we see how they make important contributions to the County and the County has done well in its economic development efforts. We do recommend, however, that *HoCo By Design* set housing goals that exceed employment goals with an emphasis on building entry level affordable homes for ownership and rental. This will help offset the historic mismatch of the past ten years and recognize the need to return to a better balanced community—one that benefits from new commercial growth and is inclusive for people of all incomes, races, abilities and employment type.

Thank you for your consideration of these Coalition comments. We shall appreciate you sharing them with Advisory Committee members.

Respectfully,

Housing Coalition Steering Committee on behalf of our 66 member Individuals and organizations

Paul Casey, Tom Coale, Joan Driessen, Jackie Eng, Peter Engel, Grace Kubofcik, Kelly McLaughlin, Grace Morris, Rich Pardoe, Paul Reville, Jean Sedlacko, Pat Sylvester, Phyllis Zolotorow, Vonda Waters, and Joe Wilmott

Cc: Dr. Calvin Ball, County Executive
Ms. Elizabeth Walsh, County Council Chair
Dr. Clarence Lam, Senate Delegation Chair
Ms. Courtney Watson, House Delegation Chair
Ms. Kelly Cimino, Department of Housing and Community Development