WORKFORCE HOUSING TASK FORCE

EXECUTIVE SUMMARY September 30, 2005

Because the average home-buyer that works in Washington County can no longer afford the median-priced home, the Taskforce has made the following recommendations:

1. Downpayment Assistance. The State of Maryland has downpayment assistance loan programs which employers and local governments can match, so Washington County should set an example for local employers by setting aside funds to match employer contributions. (See page 11.)

2. Consultant Services. Jurisdictions across the country are dealing with growth pressures like ours. The most efficient way to make progress on evaluating options and implementing changes is to hire someone that has done it before. With the rate of increase in housing prices, time is very precious and this is the best use of our time (and money). (See page 20.)

3. Acquisition with Rehab. Older homes on the market that do not meet FHA lending standards could be an immediate source of Workforce Housing if local government were poised to buy them, fix them up and then resell them to eligible families. The City of Hagerstown has successfully used Community Development Block Grant funds in this way for several years to boost the City's homeownership rate - why not do the same for Workforce Housing? (See page 15.)

4. Amend the Excise Tax Ordinance. The Excise Tax should be based on square footage so that more modest homes pay less than McMansions. Even then a sliding scale should be used. A flat fee of $13,500 is contrary to the policy goal of helping those who work in Washington County to be able to afford to live here. One fee structure for single family and multifamily construction should be used, do not double Excise fees on Workforce Housing units as the present Ordinance requires (for the 26th and following permit applications in a calendar year from one subdivision), and **DO** collect an Excise fee on additions over 1,000 square feet. (See pages 10 and 11.)

5. Pursue Regulatory Relief. With the help of County staff working with the development community, provisions in our current codes and ordinances that increase the cost of housing without adding value should be located and with the approval of the adopting body, changed. County government also needs to look seriously at the impact on the cost of housing of future changes to codes and ordinances. To this end, adoption of a Workforce Housing Impact Statement requirement is proposed. (See page 14.)

6. Manufactured Housing. Because standards in the Manufactured Housing industry have changed over the years, it should now be allowed in any residential zone. Today's factory built housing is less costly per square foot than stick-built, and examples we have seen are visually indistinguishable from stick-built homes. (See page 15.)

7. Graduated Tax Credit. Allowing the full real estate tax burden on a new home to be phased in over a five-year period would permit additional Workforce Housing buyers of for-sale housing to qualify for mortgage financing. Loans are underwritten assuming increases in wages, and a reduced tax expense will equal increased purchasing power for Workforce Housing families. (See page 9.)

8. Inclusionary Zoning (IZ). A flexible but fair Inclusionary Zoning program with mandatory on-site production goals for WFH units in exchange for a density bonus should become the standard for most future residential development in Washington County. (See page 16)

9. Land Trust. Ground rents gave the City of Baltimore one of the highest homeownership rates in the country. A public Land Trust would provide a way for Workforce Housing families to finance property without having to pay for the land. To the degree that the escalation in land costs is driving up the cost of housing, a Land Trust would introduce a permanent measure of affordability. (See page 13 and the exhibit on page 29.)

10. Trust Fund. Washington County needs a pool of flexible dollars to invest in housing affordability programs. A Trust Fund would be a logical recipient of employer or developer contributions, and under most inclusionary zoning programs, the Trust Fund receives fees from those that opt out of program requirements. (See page 12.)

11. Use of Income Limits. While moderate income families (those earning between 50% and 120% of median income) were the focus of these recommendations, programs created to address the needs of Workforce Housing families would only set an upper income limit for eligibility, and would for example, include mortgage-qualified families at 35% or 40% of median income. (See page 9.)

Read the full report at http://www.wc-link.org/hawc/Final.pdf.