

Statewide Housing Production Targets: Public Meeting

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Attendees

Anne Marculewicz -DHCD-, Barbara Samuels, Carter Reitman -MDP-, Christopher Heyn, Claudia Wilson Randall, Courtney Jenkins, Dan Pontious, Dawn Welsh, Diane Lewis, Elizabeth, Erica Fowlkes -DHS-, Gabrielle Collard, Haley Lemieux -DHCD-, Jane Willeboordse, Jennifer Keener, Joel Beller, Jordan Gilmore -DHCD-, Jordan Gilmore -DHCD-'s Presentation, Julia, Kay Justice, Kimberly Lewis, Lisa May, Lisa Stachura, Lucie Powers, Mark Clements, Matt Hoffman, Milana Vayner - BaltCo DHCD, Monique Brantley -DHCD-, Noah Burgett, Patrick Dickerson, Patrick Hosford, Phyllis G. Grover, read.ai meeting notes, Rex McGroder, Salisbury Neighborhood Housing, Sarah Price, Scott Gottbreht -DHCD-, Shawn Kimberly -MDP-, Special Projects, Terry Hickey, Tim Weber, Tracey Taylor, Wicomico Planning & Zoning

Transcript

Jordan Gilmore -DHCD-: Hi folks and welcome.

Jordan Gilmore -DHCD-: All right, I've got 12:02 by my clock, so we'll go ahead and get started. welcome everybody. this is the second public hearing, on setting housing production targets for Maryland. my name is Jordan Gilmore. I'm the analyst in the office of policy development at Maryland DHCD. Also on the call is Haley Lemieux who's the director of the office of policy development here at DHCD. I will point out before we get started this meeting is being recorded. the recording of the meeting will be available on DHC's website within the next day or two.

Jordan Gilmore -DHCD-: I did post in the meeting chat a link to the recording of the first public hearing. if for whatever reason you can't access that link, it also is linked, on DHCD's homepage. so in case you missed the first meeting, and want to catch up, because we will be kind of recapping a couple things we discussed at that meeting, you can always go back and watch that initial recording. so before we get into the meat of the meeting, I just want to give kind of a brief overview of the structure of this meeting. first, we're going to start out by recapping the executive order provisions. of course, the housing production targets are mandated by Governor Moore's executive order from back in September on addressing Maryland's affordable housing crisis.

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Jordan Gilmore -DHCD-: again we took a more detailed look at that stuff in our first meeting in October. but we'll recap it real quick. and then we're going to spend 25 minutes or so looking at our approach to setting housing production targets and the reasoning behind that approach including taking a look at some of the feedback we got from the first meeting and how we're incorporating that as well as walking you through our proposed methodology and formula using statewide numbers as an example. and then of course at the end we'll take time to answer questions.

Jordan Gilmore -DHCD-: I'll again point out that as after the first meeting back in October, if you have a comment or question you think of later, we're happy to answer those via email. but for the question and answer period at the end of this meeting, we do ask that you use the hand raise feature and unmute your

microphone so it'll be in the recording that gets published. so without further ado, just to kind of briefly recap what's in the executive order and our timeline for working on this, Governor Moore's executive order on addressing Maryland's affordable housing crisis requires DHCD to publish by January 1st, and every five years thereafter, housing production targets for the state as a whole, as well as each of our 23 counties and each municipality, that exercises planning and zoning authority.

Jordan Gilmore -DHCD-: we're required under the executive order to conduct a public engagement process. that's what you're participating in right now. as I said, this is the second public hearing. we're also required to publish our methodology and supporting basis for calculating the production targets. as I mentioned, we're going to in a few minutes here take some time to walk you through our formula and the reasoning behind it. and then finally, we're required to publish an annual report starting next year by January 1st, 2027 and each year thereafter that assesses progress toward meeting housing production targets. don't have it on this slide, but counties and municipalities will have an incentive to work through those targets. that's laid out in the executive order.

Jordan Gilmore -DHCD-: and that's in the form of the governor's housing award which can be awarded to jurisdictions that are either on track to meet their housing production targets or that take other proousing actions at the local level such as zoning reforms, elimination of parking minimums, etc. and recipients of that award will be eligible for bonus points on applications for certain continuing our brief recap of last meeting we talked a little bit about our general approach to housing production targets. we're kind of starting from the ultimate goal. that is the reason the administration asked the HCD to establish housing production targets.

Jordan Gilmore -DHCD-: which is to address the state's very serious housing shortage and affordability crisis by number one setting concrete goals for housing production again both statewide as well as at the local level and also to support local jurisdictions by setting a benchmark in the form of that target number publicly quantifying that while also allowing locally tailored solutions without telling local jurisdiction exactly where and how they need to build housing. but g giving that general target number as we discussed in some detail at the last meeting our initial research looked at what some other states and jurisdictions have done as far as setting housing targets.

Jordan Gilmore -DHCD-: of course looking at those other states factor in whether it makes sense to use the same or similar approaches when you take into account Maryland's unique demographics geography and and so our three main priorities in determining the formula we're going to use to calculate these housing production targets are number one consistency. we really want to have one formula we can use statewide for all jurisdictions. at least all jurisdictions that this part of the executive order applies to rather than having to do different calculations for counties versus municipalities for the eastern shore versus western Maryland etc.

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Jordan Gilmore -DHCD-: we're also looking for the approach that allows us to use the best available and most current data. in short, we want to be able to use the most accurate up-to-date data in establishing these targets. we want to keep estimates to a minimum use hard numbers whenever possible. and then finally, simplicity. Not only do we want one formula we can use statewide but we want it to be easy to understand and easy to see how the pieces fit together in coming up with that final number. so briefly before I get to our draft methodology and formula I did want to briefly address some of the feedback we got at and after the previous meeting back in October.

Jordan Gilmore -DHCD-: one of the questions we got was how or if we're going to incorporate existing local and regional targets into our so for example MWC publishes targets for the metro Washington area. and the question was are we going to use those in so the plan is we're going to use those existing local and regional targets as a reference point and in that publication that we're required to put out explaining our methodology etc by January 1st we will discuss the relationship between those local or regional targets and DHCD targets in the publication we aren't planning on directly using existing targets our targets will kind of be a

Jordan Gilmore -DHCD-: complimentary thing to those. another question was about targeting of housing production. In other words, is there going to be a requirement, within a county or a municipality? When we set this target, are we going to say, x number of these units have to be near a transit station, etc. to answer that, we don't plan to make subjurisdictional adjustments. again using that example for units near transit stations but the publication will include narratives on the importance of access to jobs and transit. of course those are values we want to foster across the state.

Jordan Gilmore -DHCD-: another thing that came up in the initial meeting, was the fact that some of the household growth projections were using, which our friends over at Maryland Department of Planning, kind of already have housing constraints baked In other words, the existence of a housing shortage in Maryland is already kind of suppressing household growth. and those constraints are kind of baked into those projections, both statewide by county. and we understand that that's kind of a downside of the methodology.

Jordan Gilmore -DHCD-: but one advantage to this approach going back to the executive order we're required to update these housing production targets every five years. and that by updating those targets periodically allows them to reflect the changing landscape. So we're putting out these initial round of targets the beginning of 2026. We will in theory publish a second round in at the beginning of the year and of course that will reflect all the updated numbers that presumably will have changed within those intervening one other question that came up at the previous meeting was how are we going to adjust for the unhoused population in the state.

Jordan Gilmore -DHCD-: I had mentioned at the previous meeting in our initial draft we had been using the point in time counts for local jurisdictions and regions across the state. the problem with those was of course they only really reflect the snapshot of people experiencing homelessness at a particular point in time. we wanted something that kind of better reflects all households that experience homelessness at some point within a fiscal year. and we do plan to update that in fact we have already updated that with county level breakdowns provided to our division of homeless solutions from the local and regional continuums of care.

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Jordan Gilmore -DHCD-: and those breakdowns count all households that experience homelessness at some point in a fiscal year. So, in making sure we are setting a target that provides enough housing for all Marylanders, we want to be sure to include those unhoused households that are not necessarily counted in census numbers. So back to methodology and again we're kind of recapping a little bit what we talked about at the first meeting. other states that have set housing targets use various approaches. The main considerations are really the same looking at projected household growth and current housing stock. between those other states that have done this those time frames might differ.

Jordan Gilmore -DHCD-: Some of the adjustments and other considerations vary a bit between states, depending on their unique needs, what exactly their respective statutory mandates but those are of course the biggest factors, Comparing future need that is projected future household numbers with existing housing stock. how many housing units do we have now? and those two numbers are the main ones that are used to determine the number of units that will need to be built in order to have adequate housing stock at a certain future date. and we're planning on using that same basic blueprint here. first we're going to look at projected household growth for five years out in our case.

Jordan Gilmore -DHCD-: and use that to determine how many housing units we'll need to house all of those families that are projected to be in the state of Maryland in five years. In other words, the projected demand. and then we'll compare that to the current number of units, make a number of adjustments, which I'll go into some detail about based on available data in some cases estimates to determine the projected supply in five years. and that'll allow us in turn to determine how many units will need to be brought online over the next five years to meet that target. so as I mentioned those supply side factors include current housing stock which we have from US census and American community survey estimates. we also want to consider the number of units lost each year.

Jordan Gilmore -DHCD-: right. I mean, a certain number of housing units are disappear from the market or availability each year, whether it's due to demolition, fire, other disaster, just deterioration, being taken out of service. so we'll include that factor. we'll also want to include adjustments for units that are not available as full-time housing. And that includes things like seasonal vacation homes which as you may imagine is a big factor in some jurisdictions like Worcester County for instance, Ocean City as well as other vacant properties that are included in the overall housing unit counts that the census makes but in reality are not available for use as housing.

Jordan Gilmore -DHCD-: That includes things like units that are undergoing lengthy repairs or renovation, units being used for storage by the owner, units that are tied up in legal disputes, that sort of thing. And luckily, the census does make estimates for units that fit that description as well. demand side factors of course include the current and projected number of households in the state. what we're using for current numbers are the latest American Community Survey estimates. as I mentioned before, our partners at Maryland Department of Planning calculate projected household growth both statewide and at the county level by looking at factors such as births, deaths, migration patterns.

Jordan Gilmore -DHCD-: and we will also like many other states that set housing targets assume a baseline vacancy rate of 5%. and the reason for that is practically speaking there have to be some vacant units to allow for moving for renovation and repair etc. in a healthy housing market that 5% number is used by several other states that set housing targets. generally considered to be a sign of a healthy market. you have in the neighborhood at least of 5% vacancy. So in short the desired number of homes will be a bit larger than the projected number of households five years out. also if some other state as some other states have done plan to include as I mentioned before enough housing units to house the existing unhoused population because those folks aren't included in the household counts. We want to make sure that they are accounted for.

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Jordan Gilmore -DHCD-: as I mentioned our main data sources are the US Census, American Community Survey for population and housing stock characteristics and as well also the Maryland Department of Planning's household growth projections and as I mentioned before our division of homeless solutions

collects data from local continuums of care across the state to get us a number for the number of unhoused households in Maryland. So without further ado, let's take a little walk through our draft formula which will ultimately bring us to our initial estimate for a statewide housing production target. So as I said before, we're going to start with what is currently the most recent census American community survey estimate for the number of households across the state.

Jordan Gilmore -DHCD-: currently that's the 2023 number. we do expect and I hope this is still the case given the recent government shutdown. we do hope to have the 2024 updated estimate out by the time we publish these initial targets. So that number we have there is subject to change. and then we take that number and use Maryland Department of Planning's projected annual household growth rate from 2025 to 2030 which is 7% to calculate the projected number of households in 2030.

Jordan Gilmore -DHCD-: So you may be asking, you're using 2023 numbers to calculate 2030 projection. shouldn't you be using a seven-year application of that household growth rate? we decided to just go with the five-year. again, we realize the actual number of households in the state of Maryland may be somewhat different from that estimate which relies on numbers from 2018 through 2023. but that is the best estimate we have currently.

Jordan Gilmore -DHCD-: and using that one also allows us to use in parallel the ACS number of housing units in the state which we'll get to in a second here but using that MD growth rate of 7% compounded over the five years from 2025 to 2030 our projected households in 2030 are a little over 2.4

Jordan Gilmore -DHCD-: 4 million. so our next step is to take that projected number of households in 2030 and divide it by 0.95. and that gives us the number of housing units we'll need in 2030 to house all the households with a 5% vacancy rate. that total number of units is just over 2.55 million to be a little more exact. so that's in theory at least the number of housing units we will need in 2030 to all households in Maryland according to our method of projecting that.

Jordan Gilmore -DHCD-: So going back to the factors we're going to use in the formula of course second most important factor is the number of housing units we have right now right which again using those 2023 ACS 5-year estimates is 2.545 million so if you look at the numbers in number three and number four without doing anything else. I mean, great news, we're only 5,000 units short of what we'll need by 2030. but again, we haven't yet taken into account things like vacation homes, other vacant houses, the attrition rate, houses that get demolished, that sort of thing.

Jordan Gilmore -DHCD-: So, long story short, as you'll see in a second here, unfortunately, we are going to have to build a lot more than 5,000 new units between now and 2030 in order to house all the households we'll have in 2030. so, as I said there, we've included a number of adjustments here to accurately reflect the availability of housing units. first we're kind of to that current number of housing units. we're subtracting the number that are used as seasonal recreational vacation homes basically. and again according to the ACS 5-year estimate, most recent one we have that's a little short of 54,000.

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Jordan Gilmore -DHCD-: also as I said making adjustment for other vacant units that are counted at least estimated by the census that includes units that are vacant due to family reasons. they're units that need significant repairs. not usable as housing at the current moment for that reason. now that other vacant unit number does include some number of units being prepared for the market. in other words that in

theory at least will be available as housing in the relatively near future. looking at past data the census has put out that number ranges between five and 10%.

Jordan Gilmore -DHCD-: so we just applied a 10% downward adjustment to that total number of other vacant units to account for the units being prepared for the market. and with that adjustment again that other vacant count according to the 2023 ACS 5-year estimate is just shy of 74,000. and then we have to estimate unit attrition, so not every unit in the state is still going to be there in five years. We're going to lose some to fire, to demolition, just being taken out of service for whatever reason. and that is where we do have at least a little bit of a gap in the data. right now we're using an estimate that's put out by the Mercadus group and George Mason University a couple years ago, I believe.

Jordan Gilmore -DHCD-: and they estimate that statewide we lose about 9,000 units per year to v for various reasons. and so totaled up over five years. That means we're going to have about 45,000 fewer units, sorry, all else being equal five years from now versus what we have today. so we're including those adjustments. and then finally, I mentioned the current number of unhoused households and those used the combined statewide local continuum of care accounts that our division of homeless solutions has collected. And again, this reflects all households that have experienced homelessness at some point in fiscal year 2025.

Jordan Gilmore -DHCD-: so long story short, this slide explains our methodology, where we're starting from, what numbers we're using, and the adjustments we're making. So, without further ado, that brings us to using that formula, our initial statewide housing production target, which gives us, the number of units that need to be built in order to house all Marylanders in five years. 186,475 units by January 1st, 2031. So, it requires over 37,000 new units to be built each year on average. The current estimated statewide production rate of new units is about 18,000 per year.

Jordan Gilmore -DHCD-: So to meet the statewide housing production target we would have to double the rate of unit production statewide over the next five years. So is that definitely very optimistic. but I would point out that the 2025 state housing needs assessment we published in conjunction with the National Center for Smart Growth earlier this year estimated that by 20 years from now, we'll need almost 600,000 new units to accommodate projected growth. and so if you average that out, we're talking 150,000 new units every five years according to that estimate.

Jordan Gilmore -DHCD-: So, our initial target of 186,000 isn't really too far off from the need the National Center for Smart Growth estimated earlier this year. I'd also reiterate that this is not a final number. as I mentioned, new five-year ACS estimates will again, we hope given the recent government shutdown, be released before we publish that first set of targets. and there are still a few outstanding questions and issues that we're going to address between now and January 1st. and I'll talk about those briefly right now.

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Haley Lemieux -DHCD-: Super briefly on the previous slide two points just to contextualize a 37,000 unit per year target. this actually is consistent with what the state used to build prior to the so 38,000 units per year is really close to what the state previously produced before we started chronically underbuilding relative to household growth. and second just to give context for what the housing market looks like in the Austin metropolitan area last year alone by itself built about 40,000 units.

Haley Lemieux -DHCD-: so other markets are accommodating that kind of demand. so when we were looking at just benchmarking if this target made sense like Jordan mentioned we looked at other analyses produced in the state. We looked at historic data for the state and we looked at some other markets just to contextualize if 38,000 units per year made sense as the end result of the methodology that we worked through.

Jordan Gilmore -DHCD-: Thank you. so as far as issues, questions, we still kind of have outstanding that we're going to need to address. the number you just saw, of course, is just the statewide state level production target, not broken down by county or the municipal level yet. what one constraint we have is that Maryland Department of Planning does not project household growth rates for municipalities. does project them for counties but not for municipalities. and we're not going to be able to just assume that a municipality within a county is going to have the same growth rate as the county as a whole. those rates are likely going to differ.

Jordan Gilmore -DHCD-: So, one option we're looking at is comparing and this is, based on conversations we've had with our friends at comparing municipal versus county growth rates using previous census counts and estimates. again, the census does not project those for most municipalities. nor does MDP. but we can look at previous census numbers to get a better sense of what that municipal versus county growth rate or urban versus rural growth rate is to come up with as accurate as possible projected growth rate for municipalities within counties.

Jordan Gilmore -DHCD-: second, I mentioned this one already. the estimates of the number of households and household housing units. we do hope to have those latest 5-year estimates from 2024 by the time of publication. and then finally, unit attrition. As I mentioned, when I was going through the formula, we're really basing that, at least for our initial, run through, we based on that estimate, that the Mercadus group had published a couple years ago of 9,000 units per year. problems with that are number one, of course, it's only a statewide number. Doesn't break it down by county or municipality at all.

Jordan Gilmore -DHCD-: so we need a way to look at what those attrition rates are at the local level. one option again is taking an depth look at the building demolition permit data. Of course that's not going to capture everything such as building housing units lost to fire etc. But we are working on coming up with a solution to that that allows us to use firmer numbers than that kind of statewide estimate of 9,000. so that's where things stand right now. and I think we're ready to take any questions you may have about the formula reasoning behind creating this formula in the way we have.

Jordan Gilmore -DHCD-: I will once again point out before I kind of open the floor here that we're accepting formal written comments as part of the public engagement process through November 26th which is next Wednesday. please email those to phcdmaryland.gov. you can also contact either me or Haley at the email addresses listed there. but again if you have any questions, comments etc. please use the hand raise button and we'll call on people as they raise their hands.

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Jordan Gilmore -DHCD-: Claudia, you can go ahead. You're on mute, Claudia. There you go.

Claudia Wilson Randall: Good afternoon. My name is Claudia Wilson Randall. I'm the executive director of the Community Development Network of Maryland. thank you so much for the opportunity to comment. I will also submit comments in writing. but I did just one I really appreciate the state taking on targets. I

appreciate the courage that the governor and the secretary have shown in taking this on. I think this is difficult but much needed in the state of Maryland and we've seen the targets have an impact in the Washington metropolitan area. So, I hope to see that spread statewide. two just big buckets of comments.

Claudia Wilson Randall: one, I also would hope that this spurs some focus on preservation of existing affordable housing in the state of Maryland. I don't think that the state of Maryland has paid enough attention to preservation and I feel that the current work of the department of state housing finance, CDA, to aggressively call on loans specifically of nonprofit partners of 4% deals that are 10 and 15 years old is counter to this work around targets.

Claudia Wilson Randall: so what we don't want to do is aggressively do work that loses units while also trying to pursue strategies that increase units. I think wherever we land on a formula for target I know that it will not have trying to seek a balance between suburban and rural is difficult. and I do think that there has to be some focus on getting that balance right. the urgent need in rural communities and I think that the work that stirs up opposition around suburban and urban folks moving to rural areas is not productive.

Claudia Wilson Randall: And I hope that the state will really do some, sort of fine-tuning about the capacity of small local jurisdictions being able to engage in the same way as the big eight. so I just want to put those things out there and I again really appreciate the opportunity to comment.

Jordan Gilmore -DHCD-: Thank you very much, Claudia. Anyone else have any questions or comments? I don't see any more hands. once again, this recording will be available on BHCD's website within the next couple days.

Jordan Gilmore -DHCD-: and again, if you think of something after this meeting, whether it's tomorrow, early before the Thanksgiving holiday, etc., please do not hesitate to submit comments to us at that policy development.gov email address up there on the slide.

Meeting ended after 00:40:15 🙌

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