

CHAPTER 10 - HOUSING AND NEIGHBORHOOD CONSERVATION ELEMENT

INTRODUCTION

Housing conditions are a major determinant of the quality of Denton's neighborhoods. The focus of community planning is to improve the quality of life for residents and to promote the availability and affordability of decent, safe, and sanitary housing for all Town residents. Consequently housing and conservation of existing residential neighborhoods rank as an important local concern.

GOAL

- Provide opportunities for safe, sanitary, decent, and affordable housing for all citizens.

OBJECTIVES

- Encourage the use of innovative programs to provide a suitable mix of housing types in affordable price ranges.
- Insure high standards of quality in new construction, but with sensitivity to housing affordability.
- Require the renovation or removal of substandard housing.
- Encourage continued maintenance and upkeep of existing housing.
- Protect residential zones from incompatible activities and land uses to create comfortable and safe living environments while encouraging appropriate infill and redevelopment.
- Be proactive in efforts to provide a balanced housing stock with housing opportunities for all Town residents.

BACKGROUND

Two important historic factors, the availability of older, inexpensive housing stock and relatively low annual population increases, have helped Denton to avoid some of the most critical housing affordability issues that are confronting first-time homebuyers, and low to median income families in a number of towns and counties on the Eastern Shore. Between 2000 and 2008, however, data shows that these two factors are being significantly impacted by increases in median home prices that are outpacing increases in median household incomes. In short, since the start of the 21st century, home prices rose significantly faster than incomes, and the hardest hit have been first-time homebuyers and low to median income families. The downward trend in housing affordability that began at the end of the 1990s could worsen if significant measures are not taken to curtail it. Since 2008, the economic downturn has caused two trends: reduction in home values and increased unemployment. Many homeowners are "under water," now owning

homes worth considerably less than what was paid. First time buyers may find bargains that are more affordable than the recent past. Others seeking to sell may experience a significant loss in equity.

The availability of affordably priced homes and rental housing will be instrumental to serving the needs of both first-time home buyers and low to median income households, who make up 50 percent of the Town's population. Market rate rental stock with amenities such as gymnasiums or health clubs, clubhouses, and pools are also desirable.

The gap between household income and housing costs seen over the past eight years, and still prevalent in spite of the economic downturn, is not unique to Denton or to Caroline County. A number of neighboring counties have already seen significant increases in residential development, particularly in the form of higher-priced retirement, or age-restricted, communities. The ever-increasing, region-wide shortage of affordably priced housing is an issue that will require innovative long-range planning that encompasses and addresses regulatory, economic, and social issues.

While Denton has not experienced the dramatic increase in residential development that occurred in other Eastern Shore counties through 2008, applications for development permits in the Town during the 2000-2008 time period indicate that a substantial period of growth is on the horizon as soon as the economy improves. As this growth occurs, whether or not it happens as a result of a new populations and higher-income earners moving into the area, it presents great opportunities to serve the needs of the existing population, and all household income levels will need to be considered and incorporated into the Town's goals for housing.

Characteristics of Housing in Denton

In 2000, the U.S. Census reported 1,264 housing units in the Town of Denton. The majority of them (66 percent) were single unit detached dwellings. Multi-unit dwellings consisting of three or more housing units comprised a little over 20 percent of the total housing stock, and two-unit dwellings comprised fewer than 10 percent of the total stock.

According to the 2000 U.S. Census, almost 30 percent of Denton's homes were built in 1939 or earlier, and over 50 percent were built before 1960. The second to last significant residential building period in the town occurred between 1980 and 1989, when an additional 207 homes, comprising 16 percent of the total current housing stock, were added to the inventory. The detailed characteristics of Denton's homes, as recorded in Maryland PropertyView data (2007), are illustrated in Chart 10-2.

Since the 2000 Census, 535 houses were built in Town through 2009 (Chart 10-1). Housing starts peaked in 2006 and have dropped precipitously since due to the economic environment.

Chart 10-1: New Houses Built in Denton

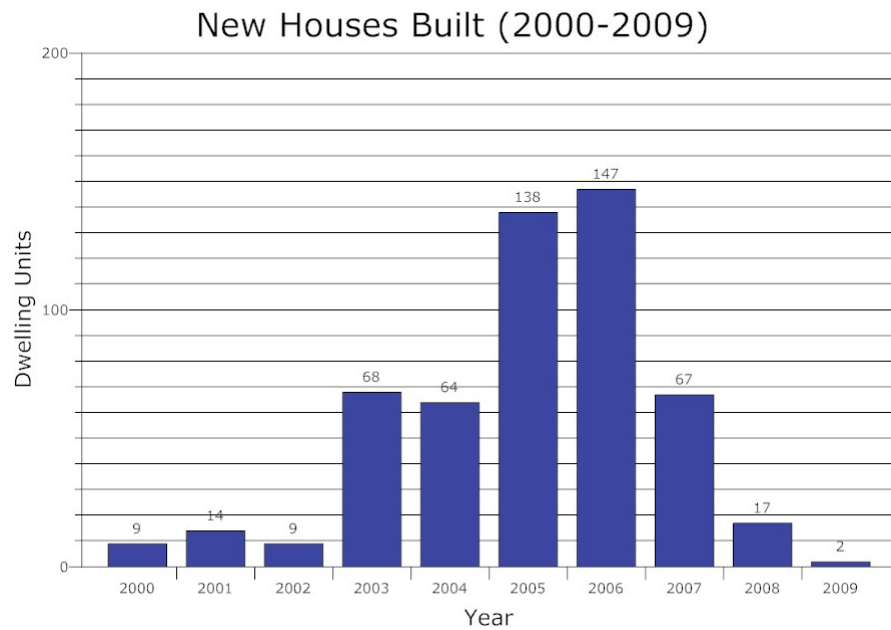
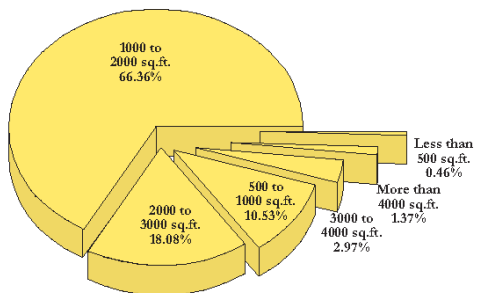


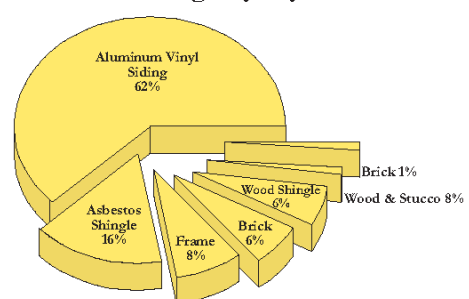
Chart 10-2



Distribution of Dwellings by Square Footage



Distribution of Dwellings by Style of Exterior



Home Prices and Home Owners

Owner-occupied housing units in Denton comprise 57 percent of the occupied housing stock. Slightly over 43 percent of homes are renter-occupied. The percentage of renter households in Denton is almost 20 percent higher than in Caroline and Talbot Counties; however it is lower than the percentage of households renting in Easton (Table 10-1).

**Table 10-1: Total and Renter Households
Denton, Caroline County, Easton and Talbot County, 2000**

Jurisdiction	Total Occupied Housing Units	Owner-Occupied Units as Percent of Total Units	Renter-Occupied Units as Percent of Total Units
Denton	1,140	57%	43%
Caroline County	12,028	74%	26%
Easton	5,031	54%	46%
Talbot County	16,500	72%	28%

Source: U.S. Census 2000 Census

Compared to surrounding counties and Easton, Denton's housing stock is older and of lesser value.

**Table 10-2: Median Year Built and Median Value of Housing Units
Denton, Caroline County, Easton and Talbot County, 2000**

	Denton	Caroline	Easton	Talbot
Median Year Structure Built	1957	1972	1972	1973
Median Value	\$94,500	\$101,700	\$118,800	\$149,200

Source: U.S. Census 2000 Census

Detailed current data on home sales and prices are not available at the municipal level. However, industry, federal, and state data collected from county jurisdictions is available, and as Caroline County data includes Denton, it is relevant and will be used for the following discussion.

Data on Caroline County home sales and median home prices indicate that growth in existing home sales rose 60 percent between 2000 and 2005 (Table 10-3). Median home prices for Caroline County grew 95 percent between 2000 and 2005. Surrounding counties experienced growth during 2000 and 2005, and Caroline was second only to Dorchester (Table 10-3). This increase in median home price suggests a growth between 2004 and 2005 in available housing stock that is newer and of higher value.

Table 10-3: Existing Home Sales and Median Home Prices 2000 -2005

Existing Home Sales in Units					Average & Median Sales Price		
Jurisdiction	Total Units Sold 2005	Total Units Sold 2000-2005	Average Units Sold 2000-2005	Unit Increase 2000-2005	Average Sales Price 2005	Median Sales Price 2005	Average Median Increase 2000-2005
Caroline	493	2,363	394	60%	\$ 230,096	\$ 195,000	95%
Dorchester	510	2,481	414	81%	\$ 251,036	\$ 195,000	125%
Kent	295	1,650	275	22%	\$ 330,757	\$ 245,000	93%
Queen Anne's	932	5,067	845	40%	\$ 429,014	\$ 353,500	112%
Talbot	782	4,240	707	27%	\$ 566,651	\$ 350,000	99%

Source: Maryland Association of Realtors, www.mdrealtor.org

Caroline County and surrounding counties experienced a decline in home sales during the period 2006 to 2009 (Table 10-4). Median home prices began to drop in 2007 and continued to drop during 2008 and 2009 for all counties.

Table 10-4: Existing Home Sales and Median Home Prices 2005 - 2009

Existing Home Sales in Units					Average & Median Sales Price		
Jurisdiction	Total Units Sold 2009	Total Units Sold 2005-2009	Average Units Sold 2005-2009	Unit Decrease 2005-2009	Average Sales Price 2009	Median Sales Price 2009	Median Sales Decrease 2005-2009
Caroline	222	1,894	316	-55%	\$ 205,506	\$ 175,000	-10%
Dorchester	242	1,990	332	-53%	\$ 196,233	\$ 150,000	-23%
Kent	147	1,231	205	-50%	\$ 287,507	\$ 210,000	-14%
Queen Anne's	407	3,392	565	-56%	\$ 353,331	\$ 285,000	-19%
Talbot	336	3,006	501	-57%	\$ 576,079	\$ 329,500	-6%

Source: Maryland Association of Realtors, www.mdrealtor.org

A look at the distribution of home sales by price range for Caroline County reveals that in 2000, an overwhelmingly higher percentage (97.1 percent) of homes in the County were priced below \$300,000 as compared to most of the surrounding counties. By 2005, the percentage of homes priced under \$300,000 had dropped to 79 percent, with most of the difference being made up in homes priced in the next-highest range (\$300,000 to \$399,000). Similar data for the more recent five-year period is unavailable.

Table 10-5: Distribution of Home Sales in Caroline and Surrounding Counties by Price Range, Percent of Total Sales

County	2000				2005			
	Under \$300K	\$300K to \$399K	\$400K to \$499K	Over \$500K	Under \$300K	\$300K to \$399K	\$400K to \$499K	Over \$500K
Caroline	97.1%	1.0%	1.9%	0.0%	79.1%	13.7%	4.2%	3.0%
Dorchester	92.6%	2.8%	2.5%	2.1%	76.4%	11.3%	5.7%	6.6%
Kent	89.2%	5.8%	2.1%	2.9%	65.9%	13.0%	6.5%	14.6%
Queen Anne's	84.4%	7.8%	2.4%	5.4%	36.5%	24.5%	18.3%	20.7%
Talbot	72.6%	10.4%	3.1%	14.0%	41.2%	19.1%	10.6%	29.1%

Source: Metropolitan Regional Information Systems, Inc., and DHCD, Office of Research, 2006

While median house prices are lower in Caroline County when compared to most of the surrounding counties, this does not mean that housing is more affordable. Household incomes are lower in Denton than in surrounding towns and counties (Table 10-6), with the result that people generally cannot afford to pay as much for housing.

Table 10-6: Median Household Income 2008

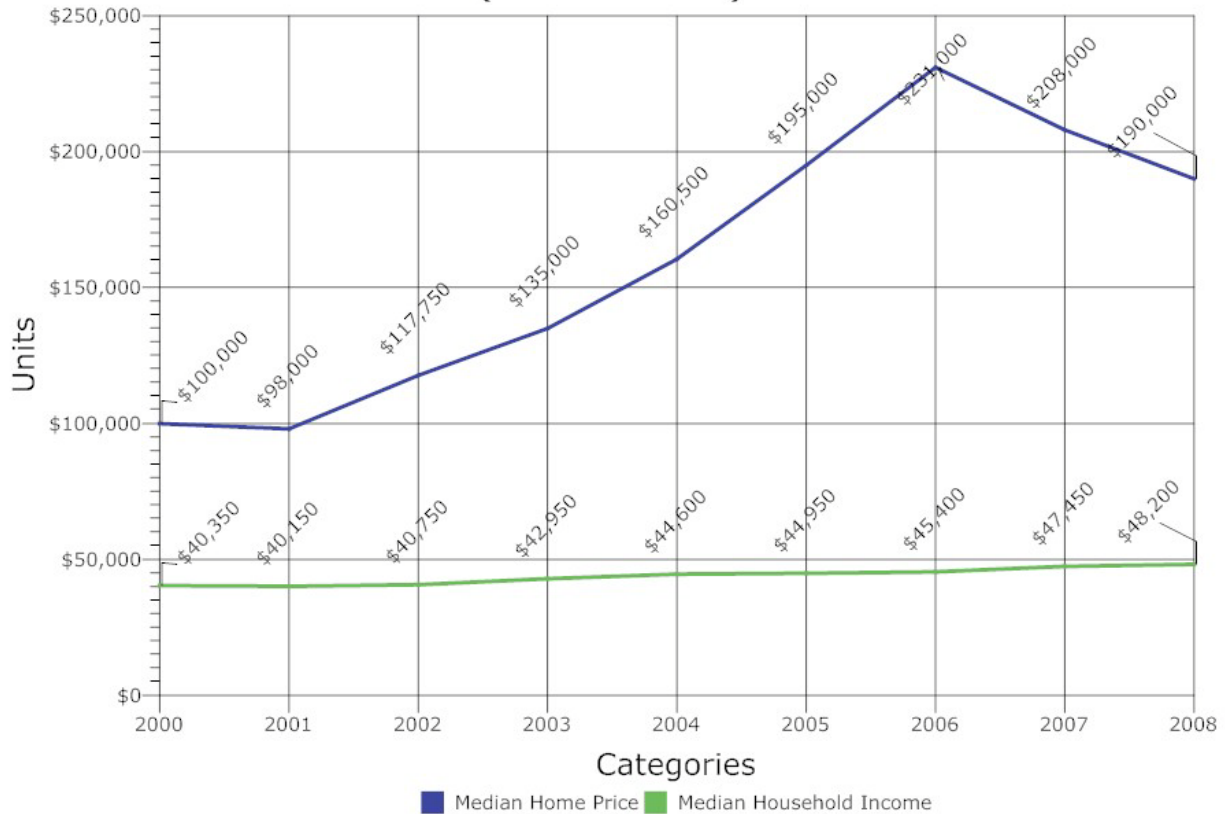
Caroline County	\$38,832
Easton	\$36,464
Talbot	\$43,532
Queen Anne's County	\$57,037
Kent County	\$39,869

Source: Maryland Department of Planning, www.mdp.state.md.us

Chart 10-3 illustrates that median home prices in the County were increasing at a faster rate than median household income. A substantial gap has grown since 2002 between Caroline County resident incomes and housing costs. While this is a State and nationwide trend, the gap is significant in the County. Between 2000 and 2005, median home sale prices in Caroline County increased by 95 percent. By comparison, during the same period the median household income grew from \$40,350 to \$44,950; an increase of 11.4 percent, significantly less than the increase in median home sale prices. Recently, between 2006 and 2008, the gap has narrowed, primarily due to the decrease in median home price.

Chart 10-3

Median Household Income and Median Home Price (2000-2008)



Sources: Income - Maryland Department of Planning, www.mdp.state.md.us, Price - www.mdrealtor.org

Defining terms is basic to the discussion of affordable housing. Without a basic definition, it is difficult to set policy and objectives, or to establish performance measures. The Housing Cost Burden and the Maryland Housing Affordability Index provide useful input to help establish perimeters for affordable housing discussions for Denton.

A household has a "housing cost burden" if it spends 30 percent or more of its income on housing. A household has a "severe housing cost burden" if it spends 50 percent or more of its income on housing. The housing cost burden combines renter and owner occupied housing statistics. Owner housing costs consist of payments for mortgages, deeds of trust, contracts to purchase, or similar debts on the property; real estate taxes; fire, hazard, and flood insurance on the property; utilities; and fuels. Where applicable, owner costs also include monthly condominium fees. Renter calculations use gross rent, which is the contract rent plus the estimated average monthly cost of utilities (electricity, gas, water, and sewer) and fuels (oil, coal, kerosene, wood, etc.). Household income is the total pre-tax income of the householder and all other individuals at least 15 years old in the household.

Table 10-7 illustrates the disparity in income and housing costs of low-income families in Denton, with data from Caroline County, Easton, and Talbot County included for comparison purposes. The "low-income" category includes households with incomes at or below 80 percent of area median income ("middle income" refers to those with incomes between 80 and 120 percent of median, and "high-income" includes those who have income of at least 120 percent of area median income).

Including renters and homeowners, nearly half (48.3 percent) of low-income families are cost burdened in Denton, that is, spending 30 percent or more of their income on housing. A lower yet still substantial number of low income households in Denton are severely cost burdened (spending 50 percent or more of income on housing). Although it compares favorably with Easton, Denton has a higher percentage of cost-burdened households than Caroline and Talbot Counties.

Table 10-7: Housing Cost Burden for Low Income Families, 2000

	Percent of Households Cost Burdened	Percent of Households Severely Cost Burdened
Denton	48.3%	15.9%
Caroline County	45.8%	21.8%
Easton	49.5%	19.9%
Talbot County	46.3%	22.5%

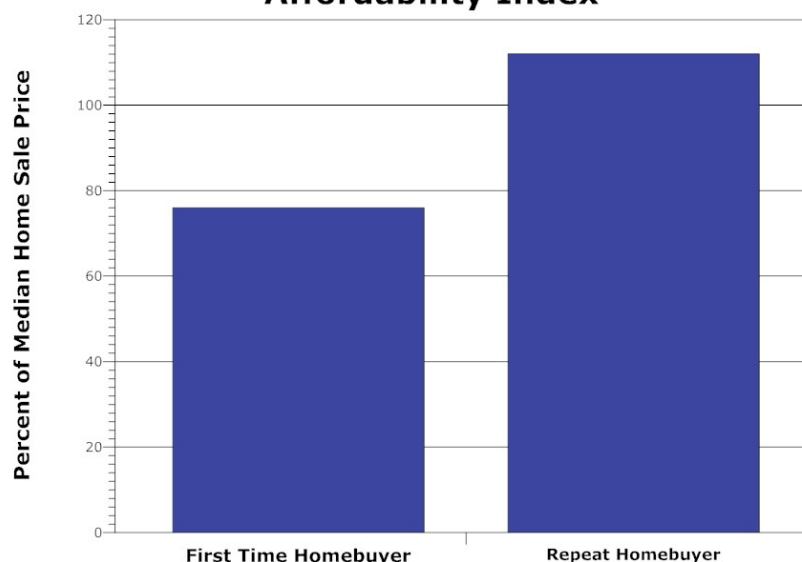
Source: Special Tabulation (Comprehensive Housing Affordability Study) Files, U.S. Census and HUD

While the housing cost burden is calculated using data from renter and owner-occupied housing, the two categories are not presented separately; and it is difficult to determine whether renters or homeowners are driving up the percentages of cost-burdened households. The Maryland Housing Affordability Index and U.S. Department of Housing and Urban Development (HUD) fair market rent and housing wage statistics help make the distinction, as the former measures homeowner statistics and the latter offers rent and wage comparisons.

The Maryland Housing Affordability Index, Chart 10-4, measures the ability of a typical family to qualify for a mortgage loan on a typical home. A typical family is defined as one earning the median household income and a typical home is defined as the median priced, existing single-family home. The affordability indices are

Chart 10-4

Affordability Index



developed for both repeat and first-time homebuyers.

The index uses assumptions for first-time homebuyers that are modified from the repeat buyer affordability index. These modified assumptions take into account potential differences for the first-time homebuyers with respect to median household income, home prices, down payments, and loans as compared to the repeat homebuyers. A household with the exact median income to qualify for a mortgage on a median priced home has an index value of 100. By comparison, an index with a value above 100 signifies a household with more than enough income to qualify for a mortgage loan on a median priced home. On the other hand, an index with a value of less than 100 implies that the family does not have enough income to qualify for a mortgage loan on a median priced home.

The 2004 Housing Affordability Index for the average first-time home buyer in Caroline County is 76, meaning the average first-time home buyer is only able to afford a home that is priced at 76 percent of (or 24 percent below) the County's median home sale price. By comparison, the index value for the average repeat home buyer in the County was 112, meaning these buyers could afford homes priced at 112 percent of (or 12 percent above) the County's median home sale price (see Figure 2). Caroline County's affordability indices were in line with most of the surrounding counties', however they were down by 18 percent from 2003 indices, and 2003 indices were down by 7 percent from those of 2002, indicating a negative trend in affordability for home buyers in the County.

Rental Housing and Renters

A look at the statistics on renting in Caroline County reveals that even non low-income households are struggling to meet rental housing costs. Tables 10-8 through 10-12 provide detailed statistics on fair market rent, housing wage and hour requirements, and the percentage of households that cannot afford rental housing in Caroline County. Dorchester and Talbot County statistics are included for comparison.

Table 10-8: HUD Fair Market Rents, 2008

	Efficiency	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
Caroline County	\$830	\$942	\$1,102	\$1,422	\$1,794
Dorchester County	\$444	\$534	\$680	\$917	\$944
Talbot County	\$692	\$694	\$835	\$1,130	\$1,193

Source: National Low Income Housing Coalition (NLIHC)

Table 10-9: Housing Wage* (Hourly Wage Needed for Fair Market Rent), 2008

Jurisdiction	Housing Wage				
	Zero Bedroom	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
Caroline County	\$11.35	\$11.73	\$13.73	\$18.56	\$19.08
Dorchester County	\$8.54	\$10.27	\$13.08	\$17.63	\$18.15
Talbot County	\$13.31	\$13.35	\$16.06	\$21.73	\$22.94

* Housing wage means the wage earner must earn this wage 40 hours a week, 52 weeks a year.

Table 10-10: Work Hours a Week Necessary at Minimum Wage to Afford Zero to Four-Bedroom Apartments, 2008

Jurisdiction	Zero bedroom	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
Caroline County	74	76	89	121	124
Dorchester County	56	67	85	115	118
Talbot County	87	87	104	141	149

Source: NLIHC

Table 10-11: Families Unable to Afford 2 Bedroom Fair Market Rent (FMR), 2008

Jurisdiction	Housing Wage				
	Rent affordable with full-time job paying minimum wage	Rent affordable with full-time job paying Mean Renter Income*	2 BR (FMR)	Hourly wage/hours per week needed to afford 2 BR FMR	Percent of families unable of afford 2 BR FMR
Caroline County	\$439	\$501	\$714	\$13.73/88 hrs	26%
Dorchester County	\$413	\$484	\$680	\$13.08/84 hrs	30%
Talbot County	\$520	\$504	\$835	\$16.06/104 hrs	28%

*Mean Renter Income: Estimated mean renter wage is based on Bureau of Labor Statistics data and adjusted using the ratio of renter to total household income reported in Census 2000. Source: NLIHC

Table 10-12: Percentage of Households That Cannot Afford Rental Housing, 2008

Jurisdiction	Two Bedroom
Caroline County	43%
Dorchester County	49%
Talbot County	49%

Source: NLIHC

Forty-three percent of households in Caroline County cannot afford -- using the HUD definition of affordability -- the fair market rent for a two-bedroom apartment. HUD defines affordable housing as housing that costs 30 percent or less of the worker's wage. To appreciate the full impact of this data, bear in mind that household incomes include incomes from multiple wage earners, people working two jobs, income subsidies, etc. The problem of housing affordability in Caroline County -- and Denton -- is not just a problem affecting the poorest families; it also impacts working families with secure jobs and multiple incomes.

Summary Conclusions

- Addressing the problem of affordable housing will require a regional approach at best, and a county-wide approach at a minimum. It is critical to effectiveness that the County and municipalities undertake a coordinated approach to addressing the affordable housing issue in Caroline County.
- State and federal programs that provide resources to address affordable housing are under-utilized or not utilized at all.
- Housing strategies in Denton will likely need to address the special needs of affordable housing for the elderly in addition to overall housing affordability.
- The basis for measuring housing affordability in Caroline County is the median home price (\$190,000 in 2008) and the fair market rent for a two-bedroom apartment (\$714 a month in 2008) (Table 10-11).
- Based on current data, in order for most households classified as low to median income to purchase a home in Caroline County, the home would have to sell at or below \$145,301 to be considered affordable. (*Source: Derived from the Maryland Housing Affordability Index*)
- Based on current data, in order for most households earning minimum wage to afford a two-bedroom apartment, the apartment should rent for \$439 a month to be considered affordable. (Table 10-11)
- Based on current data, a two-bedroom apartment should rent for \$501 a month or less to be affordable to a family earning mean renter wage (Table 10-11.).
- Land development regulations and policies can impact housing affordability.
- Any long-term strategy addressing housing affordability must, by necessity, address household income.

Policy Options

A recent report published by the Brookings Institute's entitled *Rethinking Local Affordable Housing Strategies: Lessons From 70 Years Of Policy And Practice*¹ evaluates the effectiveness of three broad approaches to affordable housing—rental assistance, homeownership assistance, and regulatory policies, and discusses the lessons learned over the past seven decades. Key findings reported are informative to our discussion of potential affordable housing policies and strategies for Denton. These points are:

- The responsibilities for implementing affordable housing are increasingly shifting to state and local actors;
- Rental assistance programs require deep subsidies if they are to reach the neediest households; moreover, to be successful, rental assistance programs should avoid clustering affordable housing in low-income neighborhoods and include efforts to raise the incomes of low-income households;
- Homeownership among underserved populations has increased, mostly through improved access to mortgage credit; efforts to further expand homeownership should proceed cautiously; and
- Land use and other regulatory policies can have profound effects on the location and supply of affordable housing.

The authors make the point that, "... the success of affordable housing programs is determined by the extent to which it achieves a narrow set of objectives, such as the number of new units created or the number of households with affordable housing cost burdens. Although important, these narrow criteria do not reflect the array of demands currently being placed on affordable housing programs. Today, affordable housing policies must help promote healthy families and communities." The authors suggest that the following seven goals provide a comprehensive framework by which local leaders should evaluate the effectiveness of affordable housing programs:

1. Preserve and expand the supply of good-quality housing units.
2. Make existing housing more affordable and more readily available.
3. Promote racial and economic diversity in residential neighborhoods.
4. Help households build wealth.
5. Strengthen families.
6. Link housing with essential supportive services.
7. Promote balanced metropolitan growth.

¹ *Rethinking Local Affordable Housing Strategies: Lessons From 70 Years Of Policy And Practice*, Bruce Katz and Margery Austin Turner, The Brookings Institution Center on Urban and Metropolitan Policy, The Urban Institute, December 2003

Although not all housing programs can meet all housing objectives simultaneously, the list provides a baseline for aligning housing policy with other desired community outcomes.

The lessons of the past also suggest a set of principles to guide local housing policy. As the authors state, "...some of these principles may seem obvious, but nonetheless are frequently ignored. Others run counter to the conventional wisdom, but following them could avoid some of the more dismal failures for which conventional thinking is responsible." The principles are:

- Regulation can be a powerful housing policy tool.
- Housing strategies should be tailored to local market conditions.
- Housing markets are regional, so housing policies should be.
- Income policy IS housing policy.
- Race matters.
- Implementation matters.

Regulations and Affordable Housing

Perhaps most directly related to affordable housing recommendations are those that may impact land use and other development regulations and policies. The Brookings Institute research and other studies demonstrate that, "state and local regulations governing land use, residential development, construction standards, subdivision design, and property maintenance play critical roles, even when they are not explicitly considered as part of an affordable housing strategy." As the Brookings study points out, "historically, local land use and development regulations have tended to undermine the goals of affordable housing policy, whether intentionally or not. Requirements for large lot sizes; expensive subdivision design standards and construction codes; prohibitions against manufactured housing, townhouses, or multifamily development; and time-consuming permitting processes have all been shown to make housing more expensive. These regulatory barriers have also prevented the development of affordable housing and reinforced patterns of economic and racial separation."

When considering the role of comprehensive planning and the affect of land use regulations on affordable housing, it is important to make the distinction between "growth control" and "growth management." Growth control policies are designed to limit the growth of the housing stock; "growth management" policies accommodate projected development. The goals of growth management are to: preserve public goods, minimize negative externalities, minimize public fiscal impact, maximize social equity, and elevate quality of life. These goals are consistent with, and often explicitly include, expansion of the supply and accessibility of affordable housing.

With these distinctions in mind it would be incorrect to assume that Caroline County's growth management strategies related to protection of natural resources and agricultural land, and its current development requirements for these areas, adversely affect affordable housing. In contrast, failure to advance strategies designed to effectively "manage growth" within the designated growth areas may adversely affect the provisions of affordable housing. Critics of regulations that attempt to limit urban sprawl or redirect new development to already designated growth areas have argued that these regulations undermine housing affordability. However, research evidence suggests that regional growth management strategies that explicitly include

affordable housing can promote economic and racial diversity, limit sprawl, and preserve open spaces, all while helping to revitalize urban neighborhoods

Fragmented authority among individual municipalities and counties is cited as another constraint on the effective use of regulatory tools for affordable housing. When one or more jurisdictions in the region employs exclusionary zoning and land use regulations, e.g., low density, large lot zoning, building permit caps, development moratoriums and high permitting fees, the results can be to place an even greater burden on the resources of other jurisdictions to address the problem. Strategies intended to expand the availability of affordable housing, promote racial and economic diversity, or promote balanced growth are more effective when all jurisdictions in the region participate.

Inclusionary Zoning

A recent zoning technique that is becoming more popular as an affordable housing strategy is inclusionary zoning. Inclusionary zoning is a technique that can be used to increase the number of affordable units—for both ownership and rental. Inclusionary zoning can be either mandatory or voluntary. In either case developers “set aside” a certain percentage of units in new residential developments for low and moderate income households. The zoning usually provides some form of developer incentive such as density bonuses and/or reduced fees. The intent is that these incentives reduce or offset some of the cost of producing the affordable units. Some communities accept an in lieu fee. These cash contributions are allocated to an affordable housing fund. These fees may be used by a local housing authority and/or nonprofit organization to buy and/or develop affordable units and operate them as a scattered-site public housing program.

The Brookings study cited earlier concluded that:

- inclusionary zoning programs have been found to constitute an important source of affordable housing production in the jurisdictions where they exist;
- housing markets may affect production of affordable housing, with more produced in “hot” markets than when housing sales slow;
- mandatory programs are more effective than voluntary programs;
- inclusionary zoning programs generally do not produce housing units that are affordable for the poorest households (with incomes at or below 50 percent of area medians) however set-aside programs and other inclusionary zoning strategies can be linked to other subsidy programs that supplement what the poorest households can afford to pay for housing (e.g., Montgomery County explicitly requires that some affordable units be purchased by the local public housing authority and set aside for occupancy by very low income households);
- inclusionary zoning in affluent suburban areas can play a part in regional strategies to open up the suburbs to lower-income and minority households, however, inclusionary zoning programs that include “in-lieu of” provisions (allowing developers to produce affordable units off site or contribute to a housing fund in lieu of incorporating them into the new development) may limit the extent to which racial and economic integration is encouraged; and

- inclusionary zoning programs have succeeded in creating considerable opportunities for first-time home buyers of modest means.

Accessory Dwelling Units

The Town may consider permitting accessory apartments as another strategy to increase the supply of affordable rental housing. Accessory apartments, in-law apartments or “granny flats,” offer Denton an opportunity to make adaptations to some single-family neighborhoods to accommodate changing housing needs. With the trend toward larger numbers of one- and two-family households, accessory apartments provide opportunities for Town residents to make their housing available to the community at-large, including young unmarried, divorced, or widowed individuals. Although likely dependent on the availability of public wastewater treatment facilities, this particular housing option offers a number of benefits including the following:

- Provides older homeowners with an opportunity to generate some additional income.
- Increases the supply of low- and modest-cost rental housing.
- Provides young singles, couples, and single parents with another source of income. This option may allow them to buy into the housing market; maintain ownership of their present home; or make available modest-priced rental housing in neighborhoods which provide a wholesome environment for children.
- Modestly increases economic activity in the private sector, which benefits commercial lenders, real estate agents, builders, and retail businesses.
- Results in small increases in property appraisals, which generate modest amounts of additional tax revenues.
- Creates opportunity to continue to live in one's own home and maintain contact with the neighborhood.
- Tenants may add a measure of security and alleviate the fear of break-ins.
- Tenants may provide companionship.
- Tenants may be willing to provide personal services in lieu of rent. This could include the performance of routine maintenance work around the house; maintaining the yard; shoveling snow; performing light housekeeping tasks; providing modest, personal in-home health services; and providing occasional transportation.

To prevent the occurrence of inappropriate or unsafe conversions to accessory apartments, the Town should consider incorporating refinements and safeguards into any code provisions permitting conversion to accessory apartments. Such refinements may include any of the following:

- Restricting the conversion option to senior citizens over a specified age.
- Requiring the homeowner to reside in one of the living units within the house.
- Restricting the conversion to homes which were constructed prior to a given date.

- Requiring a minimum square footage as a prerequisite for a house to be considered eligible for a conversion.
- Specifying the particular zoning classifications where conversions may be considered eligible.
- Permitting conversions only by homeowners who have resided in the home for a designated number of years prior to making an application for a conversion.
- Prohibiting exterior modifications to the house.
- Specifying minimum or maximum floor sizes for accessory apartments requiring that a conversion not exceed a designated percentage of the total floor space of the house. Typically such floor areas required in ordinances establish a minimum of 400 to 500 square feet in size to a maximum of 900 to 1,100 square feet.
- Placing a limit on the number of people who can occupy the accessory apartment or designating the aggregate number of people who can occupy the entire house.
- Encouraging barrier-free design considerations for persons with handicaps or limited mobility.

From a public policy perspective, accessory apartments provide an alternative to the popular "add-on" strategy of continually relying upon new construction (houses, streets, sewers, utilities, and public services) to satisfy the needs of a growing community. They concentrate on preserving, refurbishing, and making more efficient use of existing housing and the expensive community infrastructure, which is not maximized. Accessory apartments allow a community to:

- Create new living units without the expense of new infrastructure,
- Upgrade the energy standards of existing houses that will reduce the overall consumption of gas and electricity,
- Generate a flow of new dollars within the community from home equity,
- Avoid the "empty school syndrome" where large amounts of funds are invested in new additions to the infrastructure. These temporarily satisfy the needs of a large group of people who may be gone in one or two generations leaving unused facilities.
- Reduce the costs of medical care for the elderly who can receive less-expensive, in-home care services while living in an accessory apartment rather than being forced to move to a more costly nursing home or long-term health care facility.

Recommendations

The Comprehensive Plan can recommend a number of actions related to regulatory and other policies that impact affordable housing including the following:

- Insure that regulatory policies align with affordable housing goals and correct regulations or requirements that explicitly exclude affordable housing types or that unnecessarily raise the cost of construction.
- Consider adopting a Town inclusionary zoning ordinance that requires a portion of housing units in a new development be reserved for affordable housing. As appropriate coordinate this program with Caroline County.

- Allow for garage apartments and other kinds of secondary or accessory apartment units.
- Maximize density in development or redevelopment projects where appropriate. This means permitting townhouse and multi-family in the mix of residential units in a project.
- Implement public water and sewer projects that enable higher-density residential development and mixed-use neighborhoods in designated growth areas and encourage a mix of housing densities and types in new subdivisions through Planned Unit Development or cluster zoning provisions.
- Modify building codes and/or make them more flexible to eliminate unnecessarily costly construction requirements.
- Reduce required street widths and other unnecessary infrastructure requirements.
- Streamline approval processes to make the development process less time consuming.
- Waive or reduce fees (e. g., impact fees, excise tax) and infrastructure requirements for affordable housing developments to make them financially feasible.

Organizations and Programs

There are many Federal and State programs designed to address components of the affordable housing issue. In addition, profit and non-profit organization may be underutilized resources in the community and/or offer opportunities for partnerships. Some actions the Town can consider include:

- Form a Denton Roundtable, a coalition of community organizations, local government representatives, private business owners (including builders and developers), and individuals who assess and recommend affordable housing policy for the Town.
- Insure that affordability concerns are made part of the Denton Pattern Book development process.
- Explore avenues to significantly address better housing options, including:
 - developing zoning and design standards that increase the mix of uses and housing types;
 - employer-assisted housing;
 - creating housing trust funds solely to build affordable homes in low, moderate and middle income brackets;
 - forging partnerships with nonprofit, semi-public developers, and other financiers of affordable housing.
- Develop initiatives that require developers to address low to moderate income and affordable homeownership opportunities as part of any new housing development strategy, and mandate, through inclusionary zoning, that low to moderately priced dwellings comprise a percentage of all new developments.
- Contact the Maryland Department of Housing and Community Development (DHCD) to investigate opportunities for Denton to participate in affordable housing program partnerships with the State.

The Governor's Affordable Housing Subcommittee, working with the DHCD, made primary recommendations for State affordable housing programs in 2004, including:

- Link workforce housing needs with local job creation/economic development strategies and projects;
 - Maintain and increase resources for affordable housing (multi-family and single-family) through a dedicated revenue stream (Federal, State, local, private, foundations);
 - Consider a pilot program of funding for housing units targeted to households between 60% and 100% of Area Median Income;
 - Encourage, develop, and fund education programs including financial literacy, credit counseling, and homeownership counseling.
- Take greater advantage of U.S. Department of Housing and Urban Development (HUD) programs.

Presently, the Caroline County participates in the HUD Section 8 program; however, there are a number of additional federal, state, and private programs available that encourage redevelopment and rehabilitation of the existing housing stock which the County and/or the Town should explore.

Neighborhood Conservation

New development should fit in comfortably with existing neighborhoods. The qualities of neighborhoods that brought people to live in them should be respected and protected. For this reason the Town is concerned with the conservation and rehabilitation of the existing housing stock and the stability of housing values in existing neighborhoods. Neighborhood conservation does not just mean insuring housing is decent, safe, and sanitary or that properties are properly maintained. It means insuring that when properties are developed or redeveloped the architectural style of the residence and the way it is placed on the site are compatible with and help maintain the existing neighborhood character. Each new home built in the neighborhood should be viewed as a part of an incremental growth process, creating an identity of its own, but in a manner that it is integrated with the current neighborhood character. New residences should reflect a unity and positive relationship to the overall character of the neighborhood. In this way, new homes can enhance the order and richness of the community.

It is desirable that infill, new development, or redevelopment in existing residential neighborhoods conform, to the extent possible, with the site development and architectural character of the neighborhood. For example, if the prevailing character in the neighborhood is two-story residences, set close to the street, a single story rancher-type structure set well back from the street (and possibly turned sideways in order to fit on the lot), would be out of character. The Town cannot directly regulate architectural style (except to some extent in historic districts). For this reason, the Town encourages infill, new development, and redevelopment in existing residential neighborhoods in a manner that fits in with existing neighborhood character.

The 1997 Denton Comprehensive Plan recommended Neighborhood Conservation areas where incentives for development and redevelopment that is in character with the existing residential

neighborhoods should apply. Map 10-1 illustrates the areas for Neighborhood Conservation. Incentives that may be considered by the Town include:

- Waiver of basic fees
- Short term tax relief
- Reduced development standards
- Others

Neighborhood Associations can play a useful role in defining and implementing the Town's housing and community conservation policies. There are six neighborhood associations that are located throughout the Town. They include:

- "Helping Hands" Neighborhood Association
- Market Street Neighborhood Association
- Riverton First and Second Streets Neighborhood Association
- Fifth and Sixth Streets Neighborhood Association

The neighborhood associations provide residents with an advocacy organization and a means to present a collective neighborhood perspective in matters of Town policy. The Town encourages neighborhood association involvement in community planning as a positive aspect of civic life.

Map 10-1: Neighborhood Conservation Areas

