

# *Caroline County*

## *Department of Planning & Codes*



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### **Planning Commission Staff Report, August 13, 2025**

**Staff Contact:** Olivia Vidotto, Long Range Planner

**Item:** Housing Chapter

#### **Summary:**

The Housing chapter is attached for your review.

Staff has provided a red-lined version of each chapter to reflect the edits in the in-house working document, along with a clean edited copy of each chapter – with no revisions shown – for your review. To assist in your review, the edits in the red-lined version are summarized below:

- Wording that is shown in red with a strike through line is from the 2010 Comprehensive Plan and is being deleted. Example: ~~Please have a nice day.~~
- Wording that is shown in red is new and proposed for the 2026 Comprehensive Plan update. Example: **We are going to have a nice day.**

**Request:** Each chapter of the Comprehensive Plan contains a substantial amount of information, but our key focus will be on two areas: the goals and objectives at the beginning of each chapter and the implementation strategies at the end of each chapter. These strategies are recommended actions to achieve the goals and objectives outlined at the beginning of the chapter. During your review, consider if the goals and objectives are appropriate and attainable, and if the implementation strategies are aligned with and support the goals and objectives. We will discuss the content and gather recommendations to finalize this chapter.

## CHAPTER 8: HOUSING

A goal of the *Caroline County Comprehensive Plan* is a commitment to ensure that all residents have access to affordable, safe, and sanitary living conditions.

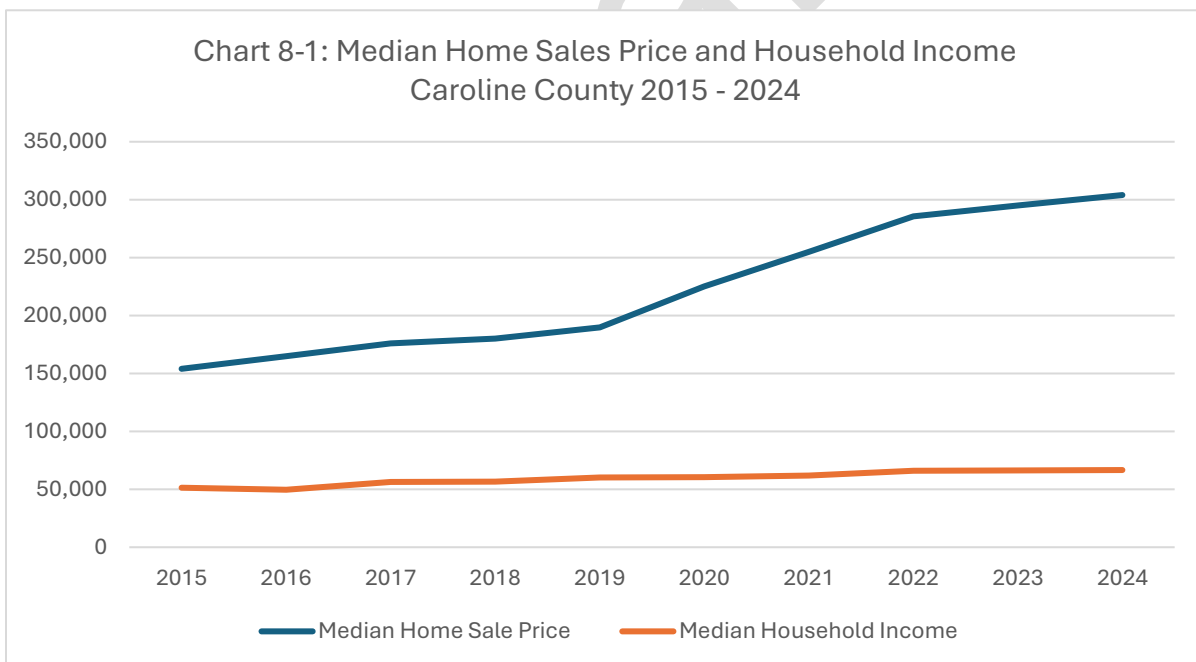
### **Objectives for housing:**

- Prioritize the availability of land and infrastructure for residential development within designated Priority Funding Areas (PFAs) and Village Areas to promote sustainable growth.
- Revise PFA boundaries to better align with actual residential development trends and to include the Village districts, thereby enhancing the effectiveness of Smart Growth strategies, improving infrastructure investment alignment, and expanding opportunities for sustainable housing development in high-demand areas.
- Support and advance policies and regulations at the local and regional levels that promote the development and accessibility of affordable housing.
- Streamline residential development reviews and permit processes to reduce delays while maintaining the quality and integrity of review standards.
- Promote the preservation, renovation, and strategic redevelopment of existing housing – including aging and historic structures - to maintain housing quality, support neighborhood stability, and foster community vitality.
- To provide additional housing options that will meet the diverse needs of the community, including affordable, accessible, and a variety of housing types.
- Increasing residential density is hindered by state septic regulations, limited public sewer access, outdated transportation infrastructure, and aging or inadequate stormwater systems. To address these challenges, investment in modernizing these critical systems to support existing communities and allow for new, higher-density, and affordable housing development. A feasibility study should be conducted to consider creating a Water & Sewer Department or contracting these services privately.
- Strengthen Public-Private partnerships by working with nonprofit organizations and developers, along with State and Federal agencies to fund and implement housing initiatives and incentives.
- Monitor housing trends and needs by regularly assessing local housing conditions, affordability gaps, and demographic shifts to support data-driven policy decisions.
- Work with state agencies to resolve conflicting state regulations for residential housing with septic systems, extensions of sewer systems, building energy performance, stormwater management and electric vehicle initiatives that hinder housing development. These regulatory conflicts must be resolved to effectively meet housing mandates and to allow more opportunities for residential development.

The Livability Code will be updated with the Zoning Code to include additional requirements that enhance housing standards. In addition, new rental conditions will be introduced to ensure balanced protections for property owners, tenants, and the County, promoting fairness, safety

and accountability for all parties involved.

Like most areas in Maryland and the nation, Caroline County continues to face significant affordable housing challenges – exacerbated by the lasting effects of the COVID-19 pandemic. The pandemic disrupted housing production, strained supply chains, and contributed to a state and nationwide shortage of both new and existing homes. In the years that followed, surging demand, rising construction costs, shortage or major delays for materials, and inflation have driven up home prices and rental rates. At the same time, higher interest rates have made financing more difficult, placing additional pressure on both prospective homebuyers and renters. In Maryland, regulatory requirements adopted since 2010 have added to the costs impacting the housing market at the national level. Restrictions on siting of new septic systems and extensions of public sewer systems, requirements for residential sprinkler systems, and standards for home energy performance and electric vehicle charging have added tens of thousands of dollars in building and land costs to the sale price of a new home. Even in traditionally lower-cost rural communities like Caroline County, these factors have been combined to make safe, quality and affordable housing increasingly out of reach for many residents. The median sales price of a single-family home in Caroline County nearly doubled between 2015 and 2024, increasing 97% in less than 10 years. This far outpaced the 30% increase in County median household income for that time period (see Chart 8-1).



All these added costs have contributed to the almost 50% decrease in building permits for new homes in the County between 2018 and 2024.

<b>Table 8-2 Caroline County Residential Building Permits 2018-2024</b>		
<b>Year</b>	<b># Units added to the pipeline</b>	<b># Building Permits issued</b>
2018	67	60
2019	65	60
2020	60	54
2021	59	57
2022	35	37
2023	47	40
2024	34	36
Source: Caroline County Dept of Planning and Codes, 2025		

With building material costs rising, home prices surging, and inventory shortages creating bidding wars, many homeowners who considered selling found that buying a new home would exceed their profits and income. As a result, rather than reentering a competitive market, many chose to not move and invest in renovations or home additions to meet their needs.

<b>Table 8-3 Caroline County Remodel Permits 2018-2024</b> <b>(permits for additions and renovations minus window and/or door replacement)</b>	
<b>Year</b>	<b>Permits issued</b>
2018	9
2019	15
2020	10
2021	17
2022	24
2023	15
2024	23

In 2024, the Maryland Department of Housing and Community Development used a ratio of house prices to income levels to determine that homes in Maryland Counties were not affordable except in Allegany County (the least expensive county), Somerset County (one of the cheapest regions statewide), Caroline County, Dorchester County and Baltimore City as reflected in Table 8-4.

<b>Table 8-4 Comparison of Maryland Counties</b> <b>Lowest Median Home Costs - 2024</b>	
<b>Location</b>	<b>Median Home Cost</b>
Allegany County	\$150,000
Somerset County	\$205,000
Caroline County	\$303,000

Dorchester County	\$250,000
Baltimore City	\$225,000
Source: mdrealtor.org and MD Dept of Housing & Community Dev.,	

For perspective, the counties with the highest median home costs in Maryland in 2024 were Montgomery County with \$623,000 and Howard County with \$616,000. Queen Anne’s County is the highest on the eastern shore with \$497,000 followed by Worcester County with \$425,000.

According to 2022 Census data, Caroline County had 6,927 employer-based jobs and 13,592 housing units (as of July 2023), yielding a job-to-housing ration of 0.51 – or roughly one job for every two housing units. This indicates a job deficit, with many residents commuting elsewhere for work. According to the MDP’s April 2023 Journey-to-Work Commutation Summary, 185 workers commuted out of the county, while only 54 commuted in.

A healthy balance between jobs and housing is important. When housing and employment opportunities are well-aligned, residents benefit from shorter commutes, businesses enjoy a stable local workforce, and the economy grows through increased local spending. However, Caroline County faces a notable imbalance – with more housing units than local jobs, many residents commute elsewhere for work, which can weaken the local economy. At the same time, the county is experiencing a housing shortage, which drives up prices and limits options for current and potential residents. This shortage makes it harder to attract and retain businesses, as employers struggle to find adequate housing for employees. Without enough jobs or homes in the right places, infrastructure is strained, commute times increase, and quality of life declines, highlighting the need for coordinated planning between housing development and job creation. Local and state housing issues have impacted the housing rental market in Caroline County as well. From April 2020-April 2025, apartment rents rose 30%, single-family home rents soared approximately 43% but in contrast, median household income increased only 23%. About 50% of renter households now spend over 30% of their income on rent and utilities – the HUD “cost-burdened” threshold. Without policy interventions or increased housing supply, these affordability pressures will persist. Maryland faces a shortage of approximately 96,000 housing units as of 2024. The state’s historic underproduction has allowed this gap to accumulate incrementally over many years. From the National Low Income Housing Coalition’s 2024 “Gap” report, there are 197,310 extremely low-income renter households in Maryland, but only 63,118 affordable rental homes available to them which is a severe undersupply. Having residential rental properties is an essential part of the housing stock. Equally important is ensuring the quality, safety, and upkeep of these properties. Adequate rental housing must go beyond availability; it must also reflect responsible care and maintenance, with protections in place for both property owners and tenants. To promote fair and equitable responsibilities between landlords and renters, the implementation of a renter’s license should be required. This license would be contingent on a formal inspection of the property and dwelling prior to the signing of any rental agreement, helping to safeguard the rights of all parties while promoting superhabitable living conditions across the rental market. This underscores the need to look not only at housing affordability, but to also look at a diversity of options for housing. On the Eastern Shore, a shortage of housing stock and limited supply of available land has caused a severe escalation in land and housing prices.

New development on the Eastern Shore increasingly reflects a growing retirement market driven by residents relocating from nearby metropolitan areas, where land and home prices are significantly higher than those on the Eastern Shore. As new residents move from urban areas to more rural communities like Caroline County, they often bring greater purchasing power, driving up demand for land and housing. This influx results in a rise in costs due to supply and demand. Consequently, many lower-wage earners on the Eastern Shore find themselves priced out of the housing market for rental and purchase and face economic and social hardships as affordable housing becomes increasingly scarce.

Current demographic trends on the Eastern Shore show a primarily aging population base and highlight the growing importance of a stable and accessible service workforce. These service workers are essential to supporting a wide range of community needs, including daily living assistance, health care, construction and home repair, and government services. To sustain this workforce, the County should coordinate housing plans, policies and regulations closely with its municipalities to ensure availability of affordable housing options. These housing efforts must be supported by adequate public infrastructure to accommodate both current and future demand.

## **Housing Characteristics**

According to U.S. Census 2020-2023 data, Caroline County contains 13,639 housing units. Approximately 71.9% of housing stock are owner-occupied with 28.1% identified as renter occupied. Approximately 8.1% of housing units are vacant. Median gross rents in 2020 rose to 1,070 per month, a major increase from the \$600 to \$680 range recorded in 2000. These trends indicate that renting has continued to become less affordable, tracking with broader trends in homeownership costs.

Most homes in Caroline County are single-family residential dwellings. Given the current housing shortage and state mandates, the type of housing allowed under the Zoning Code should be reevaluated as part of the Zoning Code update. Permits issued for new construction from 2018-2024 were all for single-family homes. Zoning Districts that currently permit residential development are Village Center (VC), Village Neighborhood (VN), R, R-1, R-2, C0-1, C-2, I-2 and MH. Within those zones, duplex and multi-family residential dwellings are only permitted as follows:

**DUPLEX** – Permitted in (VC) and R-1 with a minimum lot size of 1 acre in R-1 and permitted with special use exception in (VN) and R.

**MULTI-FAMILY** – Permitted in VC with special use exception.

A wider range of options should be considered, including but not limited to HUD-compliant single wide manufactured homes that would be subject to specific conditions such as age and appearance, expanding the zoning districts where double-wide homes are allowed and eliminating the need for Board of Zoning Appeals approval by clearly outlining the conditions the home must meet.

According to the U.S. Census Bureau, the average household size in the county is approximately 2.73 persons per unit and the average family size is 3.23 persons per unit. According to reports by Metropolitan Regional Information Systems, Inc. (MRIS), in 2000 the median price of single-family dwellings in Caroline County was \$100,000. Home values increased significantly through 2007 reaching \$185,000, nearly double (85 percent higher) than what they were in 2000. During the same period (200-2007), median family income rose only 32 percent, from \$44,825 to \$59,443. In 2008, the local housing market began to decline, with the median home price of a single-family dwelling in the second quarter of 2008 at \$167,750, down about 10 percent from 2007. Since then, the market has rebounded strongly. As of the 2018-2022 American Community Survey, the median value of owner-occupied units in Caroline County is approximately \$253,150. This substantial increase reflects ongoing market pressure and limited housing supply, which continues to drive up prices and affect affordability for many local households. The median income is \$62,338 and median rent is \$1,152.

**Substandard Housing**

<b>Table 8-5: Housing Stock by Year Built (as of 2020)</b>		
<b>Year Built</b>	<b># Units</b>	<b>% of Total</b>
<b>1959 or earlier</b>	<b>3,541</b>	<b>30.0%</b>
<b>1960-1979</b>	<b>2,683</b>	<b>19.9%</b>
<b>1980-1999</b>	<b>4,145</b>	<b>30.7%</b>
<b>2000-2009</b>	<b>1,932</b>	<b>14.3%</b>
<b>2010-2013</b>	<b>588</b>	<b>4.4%</b>
<b>2014 or later</b>	<b>91</b>	<b>0.7%</b>
<b>TOTAL</b>	<b>13,466</b>	<b>100%</b>
Source: 2023 American Community Survey (ACS) conducted by the U.S. Census Bureau		

The age of housing is a critical identifier for determining the level of substandard housing. As shown in Table 8-5, 30% of homes were built before 1960, reflecting a substantial older housing base. The 1960s-1990s saw the bulk of construction (almost 51%), and only around 5% of housing dates from 2010-2020, indicating slow construction during that time. The median home age is approximately 41 years. According to the U.S. Census Bureau data, the number of housing units authorized through building permits in Caroline County from 2020-2023 is 296 units during this four-year span. This is almost 3 times the number of houses built from 2014-2020 showing and a solid indicator of construction activity as well as a need for additional housing stock. According to the U.S. Census data, the percentage of housing units in Caroline County lacking plumbing decreased from 1.9% in 2000 to 0.9% in 2020 – a notable improvement in basic housing infrastructure. The broader concerns remain about the condition and sustainability of the County’s housing stock. The majority of the County’s housing stock is in the 15-65 years old – an age

range in which properties typically begin to require more frequent and costly maintenance. Aging homeowners are less able, physically, to perform routine housing maintenance and repairs, and those on fixed incomes are less likely to be able to afford to pay to have maintenance and repairs performed by others. These factors could contribute to a growing number of homes falling into disrepair or neglect. Without proactive measures – using State and Federal programs, volunteer-based programs, senior housing rehabilitation tax incentives, assistance with aging in-place modifications, supporting the development of affordable and low-maintenance housing units for seniors, encourage mixed-use and intergenerational developments that allow seniors to age within a community and not in isolation – the impact will extend far beyond individual homes. The consequences will cause a ripple effect beyond visual concerns of buildings in disrepair, but health and safety risks will increase, neighborhoods will decline with lower property values, higher vacancies and a declining quality of life. This is just one issue that will need to be addressed due to an aging population.

The Substandard Housing Study done in 2010 identified substandard housing primarily in mobile home parks located in the northern part of the County and in rural village areas. It also noted issues in housing units on unpaved County roads and within municipalities. The County now maintains an updated list of unpaved roads, which includes a prioritized ranking for improvements and paving. This list is evaluated and adjusted as necessary to reflect changing conditions and emerging needs, helping to guide infrastructure investments to areas with the greatest need. The County and municipalities should explore innovative strategies to maintain and improve the housing stock. These could include implementing a rental home registration program with regular inspections and expanding support programs for home repairs to help low-income households and the elderly. Without assistance, the cost of necessary home repairs can make an otherwise affordable home, unaffordable for low-income households.

Areas with failing septic systems are beginning to experience severe social and economic challenges, driven in part by increasing regulatory constraints. These challenges are often compounded by sub-standard housing conditions and absentee landlords. Without adequate infrastructure, including public water and sewer, efforts to stabilize and improve these areas remain limited. Providing modern infrastructure offers communities essential tools for revitalization and can attract both public and private investment in property improvement and long-term maintenance. Looking ahead, Caroline County should develop a comprehensive, long-term strategy to serve areas in need – one that addresses not only infrastructure and basic services but also focuses on revitalizing and improving the existing housing stock. This effort should include building partnerships with appropriate public and private entities to maximize impact and sustainability. Caroline County does not have a dedicated housing authority or formal housing department. However, housing related services are primarily managed by two entities:

- The Maryland Department of Housing and Community Development (DHCD) acts as the Public Housing Authority for Caroline County, administering the federal Housing Choice Voucher program. As of July 2025, the Maryland Section 8 Voucher Waiting List is closed for Caroline, Dorchester, Kent, Somerset, Talbot and Worcester Counties with no notice when the waiting list will reopen. The waitlist typically reopens when funding is available and

estimated wait times drop to reasonable levels.

- Maryland Development Rural Cooperation (MRDC) provides housing assistance to families or individuals interested in becoming homeowners. They offer education and support to prepare for home purchases, assist with emergency housing, and have initiated many community-based programs.

## Affordable Housing

Workforce housing refers to homes that are affordable for essential workers - police force, teachers, nurses, firefighters, retail staff, and others who form the backbone of our local economies and communities. Per the 2020 U.S. Census data and using HUD definitions, 46% of American renters paid over 30% of their income on housing with 23% of renters severely cost-burdened, paying more than 50% of their income on housing in 2020. This equates to 43 million renter households in the U.S. with 9.9 million renter households paying more than 50% of their income for housing costs, when the standard stipulates that less than 30% is affordable. In Caroline County, the local situation is more acute as referenced in Table 8-6 below:

<b>METRIC</b>	<b>VALUE</b>
Median rent (2019-2023)	\$1,070/month
Median household income	\$66,368/year
Cost-burdened households (≥30%)	34.9%
2020 *FMR (2 bedroom)	\$964/month
2025 *FMR (2 bedroom)	\$1,295/month
Source: US Housing Data * FMR=Fair Market Rent	

Housing prices are outpacing income growth nationally. By 2020, national trends showed that house prices were rising faster than incomes, further limiting access to homeownership for many working families. While some data showed a temporary dip in housing cost burdens due to rising median incomes and lower interest rates, these gains were uneven. In Caroline County and other rural areas in Maryland, affordable homeownership remained largely out of reach for many. Even though home ownership is high, as evident in Table 8-7, the average housing cost burden for all homeowners has significantly increased - almost doubling since 2010 – as rising home prices have outpaced income growth.

<i>Calculated using median income and home prices</i>				
<b>Year</b>	<b>Income</b>	<b>Home Price</b>	<b>Monthly Cost</b>	<b>Cost Burden (%)</b>
2010	\$58,799	\$150,000	\$1,038	21
2015	\$63,000	\$193,300	\$1,332	25
2020	\$66,368	\$250,000	\$1,722	31
2024	\$70,000	\$322,500	\$2,221	38

<b>Table 8-7: Estimated Caroline County Homeowner Cost Burden by Year</b>				
<b>Calculated using median income and home prices</b>				
<b>Year</b>	<b>Income</b>	<b>Home Price</b>	<b>Monthly Cost</b>	<b>Cost Burden (%)</b>
Calculation Notes:				
Monthly Cost = Principal+Interest (5% fixed, 30 years, 10% down) + taxes/insurance				
Cost Burden (%) – (Monthly Cost÷ (Annual Income÷12)) x100				
2024 Income Estimate: projected from 2020-2023 ACS trend (2% annual growth)				
Sources: www.census.gov and MRIS, Maryland State Archives and the Coastal Association of Realtors				

The most recent realtor-reported median across the sources for 2024-2025 have the median sale price for Caroline County at approximately \$310-\$335,000.

A more accurate assessment of affordable housing in Caroline County should include income data broken down by age group, occupation, and household type. This level of detail is essential for developing targeted implementation plans that address the unique needs of residents across different life stages and income brackets.

The shortage of affordable housing in Maryland is critical and has far-reaching economic and social consequences. When workers are forced to spend a disproportionate and excessive portion of their income on housing, their disposable income is reduced and results in reducing local consumer spending and slowing economic growth. Additionally, essential public safety personnel like police officers and firefighters are often unable to live in the communities they serve, weakening emergency response and community engagements. The housing crisis also poses a major obstacle to economic development by making it more difficult for employers to attract, recruit, retain, and relocate a reliable workforce.

Statewide, Maryland has introduced and expanded several initiatives aimed at helping working families afford to live where they work. The Maryland Department of Housing and Community Development (DHCD) continues to offer programs such as Maryland Mortgage Program (MMP), which provides low-interest mortgage loans, down payment assistance, and closing cost help for eligible low-and moderate-income homebuyers through participating private lenders.

In addition, the Maryland Governor’s Commission on Housing Policy has released key recommendations to increase the supply of safe, accessible and affordable housing. These include expanding the use of Low-Income Housing Tax Credits (LIHTC), streamlining local zoning and permitting processes to encourage the development of mixed-income and workforce housing, and preserving existing affordable units.

Recent legislation such as Maryland’s 2024 Housing Expansion and Affordability Act also promotes zoning reforms, encourages accessory dwelling units (ADUs), and density bonuses. Despite these regulations allowing more residential opportunities, their implementation across Caroline County is largely hindered by other existing State regulations. Caroline County, with support from Maryland Department of Planning, is actively pursuing coordinating with state agencies to identify and revise regulations that limit opportunities for additional housing density

and construction. The County is working to address state-level barriers – such as infrastructure thresholds, environmental restrictions, outdated regulations, and permitting requirements – that may unintentionally restrict infill development, multi-unit housing, or accessory dwelling units (ADUs). By initiating these efforts, Caroline County aims to lay the groundwork for more flexible, efficient, diversified housing development opportunities that expand affordability across both the County and municipalities.

From the perspective of the homebuilding industry, several factors contribute to the ongoing housing shortage. Strong demand – particularly for higher-income housing – combined with rising local and state government fees, development taxes, and regulatory requirements, has made it increasingly difficult to build homes at price points affordable for working families. Additionally, restrictive growth management policies along with other regulations have limited the supply of developable residential land, resulting in a shortage of appropriately zoned parcels, approved subdivisions, and buildable lots. These challenges are especially pronounced on Maryland's Eastern Shore, where preserving agricultural land, historic character, and natural resources remains a high priority. Balancing these preservation goals with the need for new housing has created unique pressures on the regional market.

The current housing crisis that has impacted the nation has also impacted the Eastern Shore, including Caroline County and the signs are clearly visible. Local residents continue to struggle to find affordable housing options, while new comers – often priced out of neighboring counties like Queen Anne's and Talbot – are increasingly turning to Caroline for more attainable housing. However, as the housing supply remains limited in surrounding areas, both demand and costs in Caroline County will continue to rise. The consequences of a worsening affordable housing shortage include a shrinking local workforce, rising consumer prices, increased development pressure on rural and agricultural lands, and a slowdown in regional economic growth. To counter these challenges, increasing the capacity for high density and mixed use development in Caroline's towns present the most promising strategy for expanding the supply of affordable housing. While the 2008 housing market crash temporarily drove home prices down and increased inventory, today's post-COVID conditions present a very different challenge. Since 2020, the housing market has seen unprecedented shifts – driven by historically low interest rates early in the pandemic, supply chain disruptions, rising labor and material costs, and a nationwide surge in demand increased even more with the private sector and government teleworking options which allowed many options for living outside of the area that one worked. In Maryland, median home prices rose by more than 30% between 2020 and 2023, and in Caroline County alone, the median home price increased from approximately \$250,000 in 2020 to over \$325,000 by 2024. At the same time, construction costs have spiked – up 35-40% nationally due to inflation in materials like lumber, concrete and steel, as well as labor shortages. Despite a slight cooling of the housing market in 2023 due to higher interest rates, home prices have remained high due to persistently low inventory levels. This combination of elevated costs and constrained supply continues to price out moderate- and low-income households, reinforcing the urgent need for long-term, sustainable housing strategies – particularly focusing on infill, mixed-use, and higher density development.

## Housing Implementation

- Identify and prioritize suitable land in PFAs and Village Areas for residential development by updating zoning regulations, streamlining permitting processes, coordinating infrastructure improvements (e.g., water, sewer, roads), and engaging stakeholders to support sustainable, well-planned growth.
- Staff will be working with MDP to revise the PFA locations and boundaries to reflect actual residential development trends and to include the Village districts.
- Staff will be actively working with the Maryland Association of Counties (MACo) and the Maryland Department of Planning (MDP) to advocate for a comprehensive, statewide review of the regulatory constraints that negatively impact residential development. This study should assess how existing state regulations – particularly those related to zoning, permitting, environmental, and infrastructure – hinder efforts to meet housing mandates and expand affordable housing options. Based on the findings, targeted reforms must be adopted to remove or revise cost-prohibitive regulations, modernize overly rigid standards for individual septic systems, and prioritize funding for new public sewer infrastructure along with renovating and expanding existing public sewer infrastructure. The current framework is not equipped to support the scale or type of housing solutions Maryland urgently needs. Implementing these changes is essential for Caroline County to meet the legislative requirements, to address both county and state housing shortages and to ensure equitable access to affordable homes across all communities.
- To strengthen public-private partnerships (PPPs) for housing initiatives, the County should consider forming a housing-focused PPP task force. This could consist of representatives from local and state government agencies, Federal housing agencies, nonprofit housing organizations, private developers, real estate investors, along with philanthropic and community foundations to align priorities, streamline communication, and identify collaborative opportunities.
- Conduct a housing assessment to determine target populations, areas of greatest need and ensure that all goals are aligned – especially if a PPS has been formed.
- During the update of the Zoning Code, review the development and permit processes to streamline requirements and timeframes to promote development, efficiency of review while maintaining the quality and integrity of the review.
- Promote the renovation of older housing stock by providing greater access to resources, such as a packet with regulations, contacts and other helpful information.
- Consider expansion of accessory dwelling unit (ADUs) sizes and requirements along with allowing multi-family (duplex/triplexes/quadplexes) in the R1 and Village districts. Reevaluate the inclusion of single-wide and double-wide homes as part of the overall housing strategy to meet affordability needs, expand homeownership opportunities, and increase the housing supply.
- With the update of the Zoning Code, review all zones and evaluate the permitted housing types. To address the housing shortage and comply with state mandates, revise accordingly to allow HUD-compliant single-wide homes with conditions, expanding zones for double-wide,

duplex and multi-family homes along with removing the Board of Zoning Appeals approval requirement if feasible and specify clear, objective standards and conditions.

- Conduct a feasibility study to assess the locations and conditions of existing public sewer infrastructure, opportunities for expansion, prioritize modernizing the existing public sewers to support existing communities and allow for new higher density and affordable housing development. Part of the study would evaluate creating a Water & Sewer Department or contracting those services to maintain the current and future public infrastructure for water and sewer.
- With the update of the Zoning Code, the livability section will include additional requirements that enhance building standards. In addition, new rental conditions will be introduced to ensure balanced protection for property owners, tenants, and the County promoting fairness, safety, and accountability for all parties. At that time, requirements for rental licenses and inspections will be considered.

PC draft #1

## CHAPTER 8: HOUSING

A goal of the *Caroline County Comprehensive Plan* is a commitment to ensure that all residents have access to-to-provide-for affordable, safe, and sanitary living conditions. housing for the residents of the Caroline County. Objectives for housing include:

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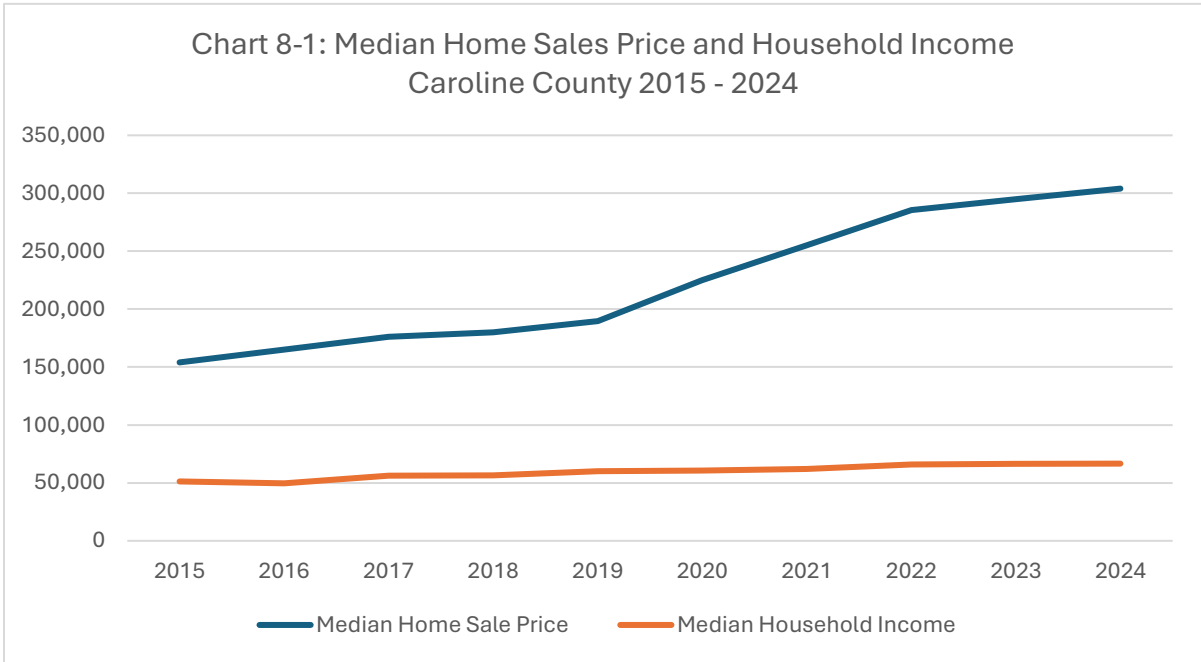
- Prioritize the availability of land and infrastructure for residential development within Providing sufficient land and infrastructure for residential development in designated Growth Areas Priority Funding Areas (PFAs) and Village Areas to promote sustainable growth.;
- Revise PFA boundaries to better align with actual residential development trends and to include the Village districts, thereby enhancing the effectiveness of Smart Growth strategies, improving infrastructure investment alignment, and expanding opportunities for sustainable housing development in high-demand areas.
- A review of building permits issued over the past several years reveals that the majority of residential development has occurred outside of the designated PFAs. This trend clearly demonstrates a significant misalignment between current PFA boundaries and actual development and investment activity. The disconnect between where growth is occurring and where funding and infrastructure support are targeted creates barriers to sustainable development and limits the effectiveness of Smart Growth strategies. Revising the PFA boundaries to reflect actual development trends would better support Smart Growth principles and expand opportunities for much-needed housing in high-demand areas.
- Support and advance policies and regulations at the local and regional levels that promote the development and accessibility of affordable housing. Several new housing bills have been adopted in Maryland that will provide housing opportunities by increasing new residential development potential with a higher density allowed, encouraging a broader mix of housing types, promoting infill and redevelopment and allowing accessory dwelling units (ADU) on all lots/parcels that permit a single family dwelling.
- Streamline residential development reviews and permit processes to reduce delays while maintaining the quality and integrity of review standards.
- Promote the preservation, renovation, and strategic redevelopment of existing housing – including aging and historic structures - to maintain housing quality, support neighborhood stability, and foster community vitality.
- To provide additional housing options that will meet the diverse needs of the community, including affordable, accessible, and a variety of housing types.
- Increasing residential density is hindered by state septic regulations, limited public

sewer access, outdated transportation infrastructure, and aging or inadequate stormwater systems. To address these challenges, investment in modernizing these critical systems to support existing communities and allow for new, higher-density, and affordable housing development. A feasibility study should be conducted to consider creating a Water & Sewer Department or contracting these services privately.†

- Strengthen Public-Private partnerships by working with nonprofit organizations and developers, along with State and Federal agencies to fund and implement housing initiatives and incentives.
- Monitor housing trends and needs by regularly assessing local housing conditions, affordability gaps, and demographic shifts to support data-driven policy decisions.
- Significant barriers to housing development persists — especially affordable housing — due to overlapping requirements and outdated regulations. Despite new housing legislation and requirements that mandate the production of more diverse housing and increasing density, Work with state agencies to resolve conflicting state regulations for residential housing withfor septic systems, extensions of sewer systems, building energy performance, stormwater management and electric vehicle initiatives — continue tothat hinder housing development. These regulatory conflicts must be resolved to effectively meet housing mandates and to allow more opportunities for residential development. — particularly affordable housing. These regulatory conflicts must be resolved to effectively meet housing mandates and to allow more opportunities for residential development.
- Maryland’s landmark Climate Solutions Now Act of 2022 mandates ambitious greenhouse gas (GHG) reductions: 60% reduction below 2006 levels by 2031; 100% clean electricity by 2035; and net zero emissions by 2045. An executive order issued mid-2024 required all state agencies to submit detailed climate plans by November 1, 2024, and tasked the Maryland Department of the Environment (MDE) to propose building-specific emissions policies. MDE submitted its Climate Implementation Plan that outlined two major building-specific emissions policies: Building Energy Performance Standards (BPEPS) and the Zero-Emission Heating Equipment Standards (ZEHES). BEPS targets buildings 35,000 square feet and larger and requires benchmarking to begin in 2025. The ZEHES policy focuses on phasing in zero-on-site emission requirements for new space and water heaters. The proposed rule will be released for public comment in summer of 2025, with final adoption anticipated in fall 2025. GHGs are gases that trap heat in the Earth’s atmosphere, leading to global warming and climate change. Key GHGs include carbon dioxide (CO<sub>2</sub>) — most prevalent, methane, nitrous oxide and fluorinated gases. Based on data from 2019-2022 from the Intergovernmental Panel on Climate Change (IPCC), the building and construction sector is responsible for roughly 37% of global energy and process related CO<sub>2</sub> emissions, and accounts for 32-34% of global energy consumption. Within that sector, residential buildings contribute approximately 17-20% of global energy related GHG emissions.
- Supporting local and regional policy and regulatory initiatives that

- ~~facilitate affordable housing; and~~
- ~~Encouraging the preservation, revitalization, and redevelopment of the existing housing stock.~~
- ~~The Livability Code will be updated with the Zoning Code to include additional requirements that enhance housing standards. In addition, new rental conditions will be introduced to ensure balanced protections for property owners, tenants, and the County, promoting fairness, safety and accountability for all parties involved.~~

Like most areas in Maryland and the nation, Caroline County ~~continues to face significant affordable housing challenges – exacerbated by the lasting effects of the COVID-19 pandemic. The pandemic disrupted housing production, strained supply chains, and contributed to a state and nationwide shortage of both new and existing homes. In the years that followed, surging demand, rising construction costs, shortage or major delays for materials, and inflation have driven up home prices and rental rates. At the same time, higher interest rates have made financing more difficult, placing additional pressure on both prospective homebuyers and renters. In Maryland, regulatory requirements adopted since 2010 have added to the costs impacting the housing market at the national level. Restrictions on siting of new septic systems and extensions of public sewer systems, requirements for residential sprinkler systems, and standards for home energy performance and electric vehicle charging have added tens of thousands of dollars in building and land costs to the sale price of a new home. Even in traditionally lower-cost rural communities like Caroline County, these factors have been combined to make safe, quality and affordable housing increasingly out of reach for many residents.~~ ~~has an affordable housing issue. In regions where a strong demand and market exists for land and housing, costs have escalated dramatically. According to the Secretary of the Maryland Department of Housing and Community Development (DHCD),~~ ~~The the median sales price of a single-family home in Maryland Caroline County increased nearly doubled more than 50% from 2018-2024~~ ~~68% between 2000 and 2004. between 2015 and 2024, increasing 97% in less than 10 years. This far outpaced the 30% increase in County median household income~~ ~~wage growth for that time period (see Chart 8-1). Monthly payments more than doubled and the income needed almost doubled.~~



All of All these added costs have contributed to the almost 50% decrease in building permits for new homes in the County between 2018 and 2024.

**Table 8-2 Caroline County Residential Building Permits 2018-2024**

Year	# Units added to the pipeline	# Building Permits issued
2018	67	60
2019	65	60
2020	60	54
2021	59	57
2022	35	37
2023	47	40
2024	34	36

Source: Caroline County Dept of Planning and Codes, 2025

With building material costs rising, home prices surging, and inventory shortages creating bidding wars, many homeowners who considered selling found that buying a new home would exceed their profits and income. As a result, rather than reentering a competitive market, many chose to stay put not move and invest in renovations or home additions to meet their needs.

~~With building material costs rising, home prices surging, and inventory shortages creating bidding wars, many homeowners who considered selling found that buying a new home would exceed their profits and income. As a result, rather than reentering a competitive market, many chose to~~

~~stay put and invest in renovations or home additions to meet their needs.~~

Table 8-3 Caroline County Remodel Permits 2018-2024	
(permits for additions and renovations minus window and/or door replacement)	
Year	# <del>Remodel</del> Permits issued
2018	<u>9</u>
2019	<u>15</u>
2020	<u>10</u>
2021	<u>17</u>
2022	<u>24</u>
2023	<u>15</u>
2024	<u>23</u>

~~In 2000, DHCD used a ratio of house prices to income levels and discovered that houses were affordable in every Maryland jurisdiction except Garrett and Talbot counties. By 2004, homes in all but five jurisdictions were not affordable except in; Allegany County (the least expensive county), Somerset County (one of the cheapest regions statewide), Garrett County, Caroline County, Dorchester County, and Baltimore City as reflected in Table 8-1.~~

**Table 8-1 Median Home Cost 2024**

~~In 2024, the Maryland Department of Housing and Community Development used a ratio of house prices to income levels to determine that homes in Maryland Counties were not affordable except in Allegany County (the least expensive county), Somerset County (one of the cheapest regions statewide), Garrett County, Caroline County, Dorchester County and Baltimore City as reflected in Table 8-44.~~

<u>Table 8-44 Comparison of Maryland Counties Lowest Median Home Costs - 2024</u>	
<u>Location</u>	<u>Median Home Cost</u>
<u>Allegany County</u>	<u>\$150,000</u>
<u>Somerset County</u>	<u>\$205,000</u>
<u>Caroline County</u>	<u>\$303,000</u>
<u>Dorchester County</u>	<u>\$250,000</u>
<u>Baltimore City</u>	<u>\$225,000</u>
Source: <u>mdrealtor.org</u> and <u>MD Dept of Housing &amp; Community Dev., and rockethomes</u>	

~~, Baltimore County, Harford, and St. Mary's counties. Housing affordability, based on the First-Time Buyer Housing Affordability Index created by the Maryland Association of Realtors, began improving in the second quarter of 2007. For the first time since 2005, first-time home buyers~~

~~had more than half, 52 percent, the income they needed to buy their first home. Since the index has been measured, first-time homebuyers have never had 100 percent of the income they need to buy their first home. However in 2002, the index indicated that they at least had 78 percent of the income needed.~~

For perspective, the counties with the highest median home costs in Maryland in 2024 were Montgomery County with \$623,000 and Howard County with \$616,000. Queen Anne's County is the highest on the eastern shore with \$497,000 followed by Worcester County with \$425,000.

According to 2022 Census data, Caroline County had 6,927 employer-based jobs and 13,592 housing units (as of July 2023), yielding a job-to-housing ration of 0.51 – or roughly one job for every two housing units. This indicates a job deficit, with many residents commuting elsewhere for work. According to the MDP's April 2023 Journey-to-Work Commutation Summary, 185 workers commuted out of the county, while only 54 commuted in.

A healthy balance between jobs and housing is important. When housing and employment opportunities are well-aligned, residents benefit from shorter commutes, businesses enjoy a stable local workforce, and the economy grows through increased local spending. However, Caroline County faces a notable imbalance – with more housing units than local jobs, many residents commute elsewhere for work, which can weaken the local economy. At the same time, the county is experiencing a housing shortage, which drives up prices and limits options for current and potential residents. This shortage makes it harder to attract and retain businesses, as employers struggle to find adequate housing for employees. Without enough jobs or homes in the right places, infrastructure is strained, commute times increase, and quality of life declines, highlighting the need for coordinated planning between housing development and job creation.

Local and state housing issues have impacted the housing rental market in Caroline County as well. From April 2020-April 2025, apartment rents rose 30%, single-family home rents soared approximately 43% but in contrast, median household income increased only 23%. About 50% of renter households now spend over 30% of their income on rent and utilities – the HUD “cost-burdened” threshold. Without policy interventions or increased housing supply, these affordability pressures will persist. Maryland faces a shortage of approximately 96,000 housing units as of 2024. The state’s historic underproduction has allowed this gap to accumulate incrementally over many years. From the National Low Income Housing Coalition’s 2024 “Gap” report, there are 197,310 extremely low-income renter households in Maryland, but only 63,118 affordable rental homes available to them which is a severe undersupply. Having residential rental properties is an essential part of the housing stock. Equally important is ensuring the quality, safety, and upkeep of these properties. Adequate rental housing must go beyond availability; it must also reflect responsible care and maintenance, with protections in place for both property owners and tenants. To promote fair and equitable responsibilities between landlords and renters, the implementation of a renter’s license should be required. This license would be contingent on a formal inspection of the property and dwelling prior to the signing of any rental agreement, helping to safeguard the rights of all parties while promoting superhabitable living conditions across the rental market.

~~Rent increases are outpacing per capita income growth statewide. In 2004, the Governor's Commission on Housing Policy identified a statewide shortage of 157,000 affordable housing units during the subsequent 10 years. According to the Maryland Alliance for the Poor, workers including teachers, salespersons, cashiers, wait staff, service workers, janitors and food preparation staff, are not paid enough for workers to afford a two-bedroom apartment at fair market rent. This underscores the need for Maryland to look not only at housing affordability, but to also look at a diversity of options for housing also the availability of workforce housing.~~

On the Eastern Shore, a shortage of housing stock ~~strong housing market~~ and limited supply of available land has is caused a severe escalation in land and housing prices. ~~Since the national sub-prime mortgage crisis home values have declined, development has slowed and there have been record numbers of foreclosures.~~

New development on the Eastern Shore increasingly reflects a growing ~~includes~~ a retirement market ~~market driven by residents relocating from nearby metropolitan areas, where from surrounding~~

~~metropolitan areas, where existing~~ land and home prices are significantly higher than those on the far exceed Eastern Shore prices. As new residents move from urban areas to more rural areas communities like such as Caroline County, they often bring greater purchasing power, driving up demand for land and housing. This influx results in a rise in costs due to supply and demand. Consequently, many new comers spend more money on land and housing as a result of net gains in urban areas. This causes a cost upsurge created by supply and demand. The consequence is that lower-wage earners on the Eastern Shore find themselves priced out of the housing market for rental and purchase and face economic and social hardships as affordable housing becomes increasingly scarce. cannot afford existing land and housing prices, which creates economic and social hardship conditions.

Current demographic trends on the Eastern Shore show a, primarily ~~an~~ aging population base, and highlight the growing importance of a stable and accessible service workforce. These lead to the conclusion that service workers are essential to supporting a wide range of community needs, including daily living assistance, health care, construction and home repair, and government services. To sustain this workforce, the County should coordinate housing plans, policies and regulations closely with its municipalities to ensure availability of affordable housing options. These housing efforts must be supported by adequate critical to serve County residents. This includes a range of services from daily living needs to health care, construction/repair, and government services. In this regard, the County should coordinate housing plans, policies, and regulations closely with municipalities to provide adequate affordable housing served by public infrastructure to accommodate both current and future demand.

## Housing Characteristics

According to U.S. Census ~~2000-2020-2023~~ data, Caroline County contains ~~42,028~~ 13,639 total

housing units. Approximately ~~8,223 or 68%~~71.9% of housing stock are owner-occupied with ~~28,12,874 or 24%~~ identified as renter occupied. Approximately ~~8.1% of 934~~ housing units ~~or 8%~~ are vacant. Median gross rents in ~~2000-2020~~ rose to 1,070 per month, ~~a major increase for the County ranged from the \$600 to \$680 range recorded in 2000.~~ Maryland ~~as a whole was categorized as a high rent state, along with other northeastern areas. Following the same trend as homeownership, renting has also become less affordable.~~ These trends indicate that renting has continued to become less affordable, tracking with broader trends in homeownership costs.

Most homes in Caroline County are single-family residential dwellings. Given the current housing shortage and state mandates, the type of housing allowed under the Zoning Code should be reevaluated as part of the Zoning Code update. Permits issued for new construction from 2018-2024 were all for single-family homes. Zoning Districts that currently permit residential development are Village Center (VC), Village Neighborhood (VN), R, R-1, R-2, C0-1, C-2, I-2 and MH. Within those zones, duplex and multi-family residential dwellings are only permitted as follows:

DUPLEX – Permitted in (VC) and R-1 with a minimum lot size of 1 acre in R-1 and permitted with special use exception in (VN) and R.

MULTI-FAMILY – Permitted in VC with special use exception.

A wider range of options should be considered, including but not limited to HUD-compliant single wide manufactured homes that would be subject to specific conditions such as age and appearance, expanding the zoning districts where double-wide homes are allowed and eliminating the need for Board of Zoning Appeals approval by clearly outlining the conditions the home must meet.

According to the U.S. Census Bureau, the average household size in the county is approximately 2.73. The average household size in the County is 2.64 persons per unit and the average family size is 3.2302 persons per unit. ~~According to reports by Metropolitan Regional Information Systems, Inc. (MRIS), in 2000 the median price of single-family dwellings in Caroline County was~~

~~\$100,000. Home values increased significant!~~ Median home prices increased steadily through 2007 reaching \$185,000, nearly double (85 percent higher) than what it was they were in 2000. During the same period (200-2007), median family income rose only 32 percent, from \$44,825 to \$59,443. In 2008, the local housing market begin to decline, with the median price of homes in Caroline County began falling. The median home price of a single-family dwelling in the second quarter of 2008 was at \$167,750, down about 10 percent from 2007. Since then, the market has rebounded strongly. As of the 2018-2022 American Community Survey, the median value of owner-occupied units in Caroline County is approximately \$253,150. This substantial increase reflects ongoing market pressure and limited housing supply, which continues to drive up prices and affect affordability for many local households. The median income is \$62,338 and median rent is \$1,152.

## Substandard Housing

### Housing Stock by Year Built (as of 2020)

**Table 8-5**

Year Built	# Units	% of Total
1959 or earlier	3,541	30.0%
1960-1979	2,683	19.9%
1980-1999	4,145	30.7%
2000-2009	1,932	14.3%
2010-2013	588	4.4%
2014 or later	91	0.7%
<b>TOTAL</b>	<b>13,466</b>	<b>100%</b>

Source: 2023 American Community Survey (ACS) conducted by the U.S. Census Bureau

Housing Age	Rural Areas		Towns	
	1980	2000	1980	2000
10 Years & Less	31%	24%	15%	16%
11-59 Years	38%	61%	29%	50%
60 Years & Above	32%	15%	36%	34%

The age of housing is a critical identifier for determining the level of substandard housing. As shown in Table 8-5, 30% of homes were built before 1960, reflecting a substantial older housing base. The 1960s-1990s saw the bulk of construction (almost 51%), and only around 5% of housing dates from 2010-2020, indicating slow construction during that time. The median home age is approximately 41 years. According to the U.S. Census Bureau data, the number of housing units authorized through building permits in Caroline County from 2020-2023 is 296 units during this four-year span. This is almost 3 times the number of houses built from 2014-2020 showing and a solid indicator of construction activity as well as a need for additional housing stock. according to statistics prepared in the Substandard Housing Report, a majority of housing in 2000 was between 11 and 59 years old. According to the 1980, U.S. Census data, the percentage of for housing units in Caroline County lacking plumbing decreased from indicated that 6.8% of housing units did not have plumbing. In 2000, data indicated that only 1.9% in 2000 to 0.9% in 2020 – a notable improvement in basic housing infrastructure. The broader concerns remain about the condition and sustainability of the County’s housing stock. of housing units did not have plumbing, an overall decrease for all rural areas and towns. While more housing units have more plumbing, which marks an improvement, the majority of the County’s housing stock is in the 11-59/15-65 years old – an age range in which properties typically begin to require more frequent and costly maintenance. –age range, which is generally the age that housing repairs become necessary more frequently. Aging homeowners are less able, physically, to perform routine housing maintenance and repairs, and those on fixed incomes are less likely to be able to afford to pay to have maintenance and repairs performed by others. These factors could contribute to a growing number of homes falling into disrepair or neglect. Without proactive measures – using State and Federal programs, volunteer-based programs, senior housing rehabilitation tax incentives, assistance with aging in-place modifications, supporting the development of affordable and low-maintenance housing units for seniors, encourage mixed-use

and intergenerational developments that allow seniors to age within a community and not in isolation – the impact will extend far beyond individual homes. The consequences will cause a ripple effect beyond visual concerns of buildings in disrepair, but health and safety risks will increase, neighborhoods will decline with lower property values, higher vacancies and a declining quality of life. This raises the potential for a number of older houses to fall into increasing states of disrepair and neglect. This is just one issue that will need to be addressed due to as a result of an aging population.

The Substandard Housing Study done in 2010 identified areas of substandard housing in the County. These primarily include mobile home parks located in the northern part of the County and in rural village areas. It also noted issues in However, the Study also cited substandard housing units on unpaved County roads and within municipalities. The County now maintains an updated list of unpaved roads, which includes a prioritized ranking for improvements and paving. This list is evaluated and adjusted as necessary to reflect changing conditions and emerging needs, helping to guide infrastructure investments to areas with the greatest need. The County and municipalities should explore innovative strategies to maintain and improve the housing stock. These could include implementing a rental home registration program with regular inspections and expanding support programs for home repairs to help low-income households and the elderly. Without assistance, the begin discussing innovative ways to ensure that the housing stock is well maintained, such as registration of rental homes that are inspected on a regular basis and more programs to help low-income households and the elderly with home repairs. The cost of necessary home repairs can make an otherwise affordable home, unaffordable for low-income households.

Areas with failing septic systems are beginning to experience severe social and economic challenges, driven in part by problems due to increasing regulatory constraints. These challenges are often compounded by In many cases, these problems are exacerbated when combined with sub-standard housing conditions stock and absentee landlords. Without adequate proper infrastructure, including public water and sewer, efforts to stabilize and improve these areas remain limited. Providing modern infrastructure offers communities essential tools for revitalization and can attract both public and private investment in property improvement and long-term maintenance. Looking ahead, n need are provided tools for revitalization and increased public/private investment in property improvement and maintenance. In the future, Caroline County should seek to develop a comprehensive, long-term and comprehensive strategy to serve for serving areas in need – one that addresses not only includes infrastructure and basic services but also focuses on revitalization revitalizing and improving ment to the existing housing stock. This effort The County should seek include building partnerships with appropriate public and private entities to maximize impact and sustainability, where appropriate Caroline County does not have a dedicated housing authority or formal housing department. However, housing related services are primarily managed by two entities:

- The Maryland Department of Housing and Community Development (DHCD) acts as the Public Housing Authority for Caroline County, administering the federal Housing Choice Voucher

program. As of July 2025, the Maryland Section 8 Voucher Waiting List is closed for Caroline, Dorchester, Kent, Somerset, Talbot and Worcester Counties with no notice when the waiting list will reopen. The waitlist typically reopens when funding is available and estimated wait times drop to reasonable levels.

- Maryland Development Rural Cooperation (MRDC) provides housing assistance to families or individuals interested in becoming homeowners. They offer education and support to prepare for home purchases, assist with emergency housing, and have initiated many community-based programs.

~~The Caroline Housing Rehabilitation Program, which began in 2002, has been helping low income homeowners repair their homes. To date more than 80 homes have been rehabilitated. The program coordinates the inspections and reports and helps homeowners with the grant and assistance applications. Much of the funding for this program comes from a rehabilitation grant from the Department of Housing and Community Development, which pays for construction. Funding also has been received from the United States Department of Agriculture and Maryland Energy Assistance has helped with repairing and replacing windows and doors. The program has coordinated efforts with Interfaith Housing, Rebuilding Together, and Accessible Homes for Seniors to be able to provide more outreach. The program has also been helping with community clean up by providing dumpsters and focusing rehabilitation efforts in problem areas.~~

## Affordable Housing

Workforce housing refers to is providing homes that are affordable for essential workers - police force, teachers, nurses, firefighters, retail staff, and others who form the backbone of our and others on whom our local economies and communities, depend. Per the 2020 U.S. Census data and using HUD definitions, 46% of American renters paid over 30% of their income on housing with 23% of renters severely cost-burdened, paying more than 50% of their income on housing in 2020. This equates to 43 million renter households in the U.S. with 9.9 million renter households paying more than 50% of their income for housing costs, On a national level, five million working families pay more than 50% of their incomes for housing when the standard stipulates that less than 30% is affordable.

In Caroline County, the local situation is more acute as referenced in Table 8-6 below:

### Caroline County

<u>METRIC</u>	<u>VALUE</u>
<u>Median rent (2019-2023)</u>	<u>\$1,070/month</u>
<u>Median household income</u>	<u>\$66,368/year</u>
<u>Cost-burdened households (≥30%)</u>	<u>34.9%</u>

<u>2020 *FMR (2 bedroom)</u>	<u>\$964/month</u>
<u>2025 *FMR (2 bedroom)</u>	<u>\$1,295/month</u>
Source: US Housing Data _____ * FMR=Fair Market Rent	

~~the average monthly cost of rent in 2000 was \$676, which is only 13 percent of the average income in 2000. However 37 percent of renters in Caroline County were paying 30 percent or more of their income on rent. According to the 2006-2008 American Community Survey data 5.7% of the population was paying between 30 and 34.99 % of their monthly income on rent (+/- 4.2 Margin of Error) and 33% of the population was paying more than 35% of their monthly income on rent (+/- 6.6 Margin of Error). Additionally, affordable home ownership is out of reach for many low-paid employees in Maryland including retail workers and firefighters. Housing prices are outpacing income growth nationally. By 2020, national trends showed that house prices were rising faster than incomes, further limiting access to homeownership for many working families. While some data showed a temporary dip in housing cost burdens due to rising median incomes and lower interest rates, these gains were uneven. In Caroline County and other rural areas in Maryland, affordable homeownership remained largely out of reach for many. Even though home ownership is high, as evident in Table 8-7, the average housing cost burden for all homeowners has significantly increased - almost doubling since 2010 - as rising home prices have outpaced income growth. decreased, due to the rising median income and the decrease in home prices. A more accurate depiction of affordable housing in Caroline County would break down the income data by age group, so that implementation plans can address more specific needs.~~

<b>Table 8-7: Estimated Home-Owner Caroline County Homeowner Cost Burden by Year</b>				
<b>Calculated using median income and home prices</b>				
Year	Income	Home Price	Monthly Cost	Cost Burden (%)
<del>2010</del> 2009	<del>\$38,850</del> \$58,799	<del>\$105,000</del>	<del>\$948</del> \$1,038	<del>21</del> 29
<del>2015</del> 2006	<del>\$47,200</del> \$63,000	<del>\$231,193</del> \$3,000	<del>\$164</del> \$1,332	<del>44</del> 25
<del>2020</del> 2008	<del>\$47,200</del> \$66,368	<del>\$250,490</del> \$0,000	<del>\$142</del> \$21,722	<del>36</del> 31
<u>2024</u>	<u>\$70,000</u>	<u>\$322,500</u>	<u>\$2,221</u>	<u>38</u>
Calculation Notes: 2008 calculated using the 2006 median income; 2006 monthly cost estimated using 2008 monthly cost to  Monthly Cost = Principal+Interest (5% fixed, 30 years, 10% down) + taxes/insurance Cost Burden (%) – (Monthly Cost÷ (Annual Income÷12)) x100 2024 Income Estimate: projected from 2020-2023 ACS trend (2% annual growth) home price ratio; 2000 median income using 1999 median income Sources: www.census.gov and MRIS, Maryland State Archives and the Coastal Association of Realtors				

The most recent realtor-reported median across the sources for 2024-2025 have the median sale

price for Caroline County at approximately \$310-\$335,000.

~~A more accurate~~ A more accurate ~~depiction~~ assessment of affordable housing in Caroline County of affordable housing in Caroline County should include income data broken down by age group ~~would break down the income data by age group.~~, occupation, and household type. This level of detail is essential for developing targeted implementation plans that address the unique needs of residents across different life stages and income brackets.

The shortage of affordable housing in Maryland is critical and has far-reaching economic and social consequences. When workers are forced to spend a disproportionate and excessive portion of their income on housing, their disposable income is reduced and results in reducing local consumer spending and slowing economic growth. Additionally, essential public safety personnel like police officers and firefighters are often unable to live in the communities they serve, weakening emergency response and community engagements. The housing crisis also poses a major obstacle to economic development by making it more difficult for employers to attract, recruit, retain, and relocate a reliable workforce.

Statewide, ~~so that implementation plans can address more specific needs.~~ Maryland has introduced and expanded several initiatives aimed at helping working families afford to live where they work. The Maryland Department of Housing and Community Development (DHCD) continues to offer programs such as Maryland Mortgage Program (MMP), which provides low-interest mortgage loans, down payment assistance, and closing cost help for eligible low-and moderate-income homebuyers through participating private lenders.

In addition, the ~~affordable housing initiatives are important in assisting working families to live and work in the State.~~ The Maryland Governor's Commission on Housing Policy has released key provided

recommendations to increase the supply of safe, accessible and affordable housing. These include expanding the use of Low-Income Housing Tax Credits (LIHTC), streamlining local zoning and permitting processes to encourage the development of mixed-income and workforce housing, and preserving existing affordable units.

Recent legislation such as Maryland's 2024 Housing Expansion and Affordability Act also promotes zoning reforms, encourages accessory dwelling units (ADUs), and density bonuses. Despite these regulations allowing more residential opportunities, their implementation across Caroline County is largely hindered by other existing State regulations. mandated allowance of manufactured/modular homes in single-family zones, and provides local jurisdictions with tools to incentivize affordable housing development — particularly in underserved rural counties like Caroline. The Renters' Rights & Stabilization Act formally established the Office of Tenant and Landlord Affairs, a Maryland Tenant Bill of Rights, increased eviction filing fees, capped security deposits at one month's rent, banned evictions during public health emergencies, and granted tenants a right of refusal to purchase their rental unit. These laws provide powerful tools to expand and diversify housing options by removing regulatory barriers, increasing funding for affordable development, and promoting flexible, inclusive housing types that meet the needs of diverse communities. Most importantly, these include mortgage options and closing cost assistance available under the Maryland Department of Housing and Community Development (DHCD) as well as low-interest mortgage loans to eligible low and moderate-income homebuyers through private lending institutions. At the local level, Caroline County continues to reduce barriers by streamlining review processes for residential development and permits, updating rehabilitation codes, and working with nonprofit partners to offer property tax reductions for affordable housing projects. Financial resources have also been expanded, including access to Community Development Block Grants (CDBG), Maryland's new UPLIFT program for gap financing, and tax credit opportunities through the Maryland Community Investment Corporation. Together, these strategies aim to make housing more affordable, provide more housing opportunities, support economic development, and help essential workers live in the communities they serve.

Caroline County, with support from MDP Maryland Department of Planning, is actively pursuing coordinating with state agencies to identify and revise regulations that limit opportunities for additional housing density and construction. The County is working to address state-level barriers — such as infrastructure thresholds, environmental restrictions, outdated regulations, and permitting requirements — that may unintentionally restrict infill development, multi-unit housing, or accessory dwelling units (ADUs). By initiating these efforts, Caroline County aims to lay the groundwork for more flexible, efficient, diversified housing development opportunities that expand affordability across both the County and municipalities.

The lack of affordable housing in Maryland is critical because it causes a loss of revenue to businesses. When workers must spend higher levels of income for housing consumer spending is impacted. It also adversely impacts community safety because police and firefighters cannot afford to live in areas that they serve. Economic development is impacted creating problems for

the recruitment, retention and relocation of employees.

Tools that can be used to improve workforce housing include land use planning and regulatory applications, particularly density bonuses and infill development for Caroline County and its towns. A reduction in regulatory barriers greatly assists the affordable housing market including fee waving, permit streamlining, rehabilitation code reform, and vacant property title clearance. An increase in the use of “subsidy resources,” such as Community Development Block Grants from DHCD, Section 8 subsidies, housing trust funds, and tax incentives assist in housing affordability. Caroline County currently works with local affordable housing organizations to provide a reduction in property taxes for affordable housing projects.

From the perspective of the homebuilding industry's perspective, several factors contribute to the ongoing housing shortage. Strong demand – particularly for higher-income housing – combined with rising local and state government fees, development taxes, and regulatory requirements, has made it increasingly difficult to build homes at price points affordable for working families. Additionally, restrictive growth management policies along with other regulations have limited the supply of developable residential land, resulting in a shortage of appropriately zoned parcels, approved subdivisions, and buildable lots. These challenges are especially pronounced on Maryland's Eastern Shore, where preserving agricultural land, historic character, and natural resources remains a high priority. Balancing these preservation goals with the need for new housing has created unique pressures on the regional market. the problem is partially the strong demand for housing, the market for higher income homes, and the imposition of local government fees and taxes. Coupled with a restricted supply of developable residential land caused by local growth management controls, the results are severe shortages of appropriately zoned land, approved subdivisions, and finished lots. These problems are particularly true on the Eastern Shore, where agricultural, historical, and natural resource preservation is vital to maintaining the character of the communities.

The current housing crisis that has impacted the nation has also impacted the Eastern Shore, including Caroline County and the signs are clearly visible. Local residents continue to struggle to find Many of these trends are evident on the Eastern Shore and in Caroline County. Local residents are seeking affordable housing options, while and new comers – often priced out of neighboring counties like Queen Anne's and Talbot – are increasingly turning to Caroline for more attainable are seeking less expensive housing. However, as the housing supply remains limited in surrounding areas, both demand and costs in Caroline County will continue to rise. The consequences of a worseningAs supply in Queen Anne's and Talbot Counties is restricted, demand and cost will rise in Caroline County. The implications of a severe affordable housing shortage include a shrinking localfor the region are an inadequate workforce, rising higher consumer prices, increased development pressure on rural and agricultural lands, and a slowdown in regional supply induced sprawl, and a further decline in economic growth. To counter these challenges, iIncreasing the capacity for high density and mixed use development in townsCaroline's towns present holds the most promisingge strategy for expanding for increasing the supply of affordable housing. Although, the burst of the housing market bubble has caused

~~severe problems for both the public and private sectors, home prices are beginning to fall to an affordable level. While the 2008 housing market crash temporarily drove home prices down and increased inventory, today's post-COVID conditions present a very different challenge. Since 2020, the housing market has seen unprecedented shifts – driven by historically low interest rates early in the pandemic, supply chain disruptions, rising labor and material costs, and a nationwide surge in demand increased even more with the private sector and government teleworking options which allowed many options for living outside of the area that one worked. In Maryland, median home prices rose by more than 30% between 2020 and 2023, and in Caroline County alone, the median home price increased from approximately \$250,000 in 2020 to over \$325,000 by 2024. At the same time, construction costs have spiked – up 35-40% nationally due to inflation in materials like lumber, concrete and steel, as well as labor shortages. Despite a slight cooling of the housing market in 2023 due to higher interest rates, home prices have remained high due to persistently low inventory levels. This combination of elevated costs and constrained supply continues to price out moderate- and low-income households, reinforcing the urgent need for long-term, sustainable housing strategies – particularly focusing on infill, mixed-use, and higher density development.~~

~~Caroline County does have a Caroline County Housing Advisory Board that meets quarterly and is made up of direct service agency representatives, such as government agencies,~~

~~local non-profits and development corporations. However, greater participation from County representatives should be encouraged to provide information, improve planning and implementation efforts and facilitate housing studies.~~

## **Housing Implementation**

~~Encourage greater participation by County and municipal representatives in the Caroline County Housing Advisory Board to review, assess and report on the state of housing and housing needs in the County, including affordability, availability, condition of housing stock, special needs housing (i.e., senior citizens), adequacy of housing assistance resources (local, state, and federal) and regulatory issues/strategies.~~

- ~~• Identify and prioritize suitable land in PFAs and Village Areas for residential development by updating zoning regulations, streamlining permitting processes, coordinating infrastructure improvements (e.g., water, sewer, roads), and engaging stakeholders to support sustainable, well-planned growth.~~
- ~~• Staff will be working with MDP to revise the PFA locations and boundaries to reflect actual residential development trends and to include the Village districts.~~
- ~~• Staff will be actively working with the Maryland Association of Counties (MACo) and the Maryland Department of Planning (MDP) to advocate for a comprehensive, statewide review of the regulatory constraints that negatively impact residential development. This study should assess how existing state regulations – particularly those related to zoning, permitting, environmental, and infrastructure – hinder efforts to meet housing mandates and expand~~

affordable housing options. Based on the findings, targeted reforms must be adopted to remove or revise cost-prohibitive regulations, modernize overly rigid standards for individual septic systems, and prioritize funding for new public sewer infrastructure along with renovating and expanding existing public sewer infrastructure. The current framework is not equipped to support the scale or type of housing solutions Maryland urgently needs. Implementing these changes is essential for Caroline County to meet the legislative requirements, to address both county and state housing shortages and to ensure equitable access to affordable homes across all communities.

- To strengthen public-private partnerships (PPPs) for housing initiatives, the County should consider forming a housing-focused PPP task force. This could consist of representatives from local and state government agencies, Federal housing agencies, nonprofit housing organizations, private developers, real estate investors, along with philanthropic and community foundations to align priorities, streamline communication, and identify collaborative opportunities.
- Conduct a housing assessment to determine target populations, areas of greatest need and ensure that all goals are aligned – especially if a PPS has been formed.
- During the update of the Zoning Code, review the development and permit processes to streamline requirements and timeframes to promote development, efficiency of review while maintaining the quality and integrity of the review.
- Promote the renovation of older housing stock by providing greater access to resources, such as a packet with regulations, contacts and other helpful information.
- Consider expansion of accessory dwelling unit (ADUs) sizes and requirements along with allowing multi-family (duplex/triplexes/quadplexes) in the R1 and Village districts. Reevaluate the inclusion of single-wide and double-wide homes as part of the overall housing strategy to meet affordability needs, expand homeownership opportunities, and increase the housing supply.

With the update of the Zoning Code, review all zones and evaluate the permitted housing types. To address the housing shortage and comply with state mandates, revise accordingly to allow HUD-compliant single-wide homes with conditions, expanding zones for double-wide, duplex and multi-family homes along with removing the Board of Zoning Appeals approval requirement if feasible and specify clear, objective standards and conditions.

- ~~• Investigate the feasibility of requiring rental housing property owners to obtain a County-issued license to rent property to the public to ensure that rental properties are compliant with all local, state and federal housing standards laws. Include annual or biennial inspection and reporting requirements as a condition of licensing. Use licensing fees to fund County housing initiatives.~~
- ~~• Review existing livability codes (including mobile home regulations) for adequacy and relevance. Update where necessary and appropriate.~~
- ~~• Create regulatory incentives to encourage timely repairs and/or rehabilitation of older housing~~

stock.

- ~~Facilitate Promote the renovation of older housing stock by providing greater access to resources, such as a packet with regulations, contacts and other helpful information.~~
- ~~Consider creating regulatory incentives for adaptive reuse of older housing stock, for example, allowing a Bed and Breakfast as a use in residential zoning districts provided it be subject to 30-Day objection procedures, rather than requiring a special use exception.~~
- ~~Explore opportunities to expand hands-on and/or financial assistance to older or special needs homeowners for maintenance and/or repairs to older structures through the Caroline County Housing Rehabilitation Program.~~
- ~~Conduct a feasibility study to assess the locations and conditions of existing public sewer infrastructure, opportunities for expansion, prioritize modernizing the existing public sewers to support existing communities and allow for new higher density and affordable housing development. Part of the study would evaluate creating a Water & Sewer Department or contracting those services to maintain the current and future public infrastructure for water and sewer.~~
- ~~With the update of the Zoning Code, the livability section will include additional requirements that enhance building standards. In addition, new rental conditions will be introduced to ensure balanced protection for property owners, tenants, and the County promoting fairness, safety, and accountability for all parties. At that time, requirements for rental licenses and inspections will be considered.~~