



# MARKET-RATE WORKFORCE HOUSING DEVELOPMENT

## Issue:

Garrett County is facing a severe affordable workforce housing shortage, specifically in the area of long-term market-rate rentals. This is an economic and community development issue as high-priced housing is a deterrent for recruiting new residents, specifically to fill jobs in the community. In fact, some workers live outside of the County as a more affordable option. We need federal agencies to provide programs and financial assistance for workforce market-rate long-term rental housing development.

## Background:

Garrett has approximately 30,000 full-time residents and attracts approximately 1.2 million visitors per year as a premier tourist destination. While the tourism industry generates a significant economic impact, it also drives up property values and the costs of housing. However, the majority of the workforce in Garrett County, including those in the hospitality industry cannot afford to pay these high prices. Additionally, it is more economical for developers to build higher priced homes as they receive a greater return on their investment.

There is little to no development of long-term market-rate rentals due as it is not economically viable. Most of the rental housing developments are low-income or subsidized for which a large portion of the workforce is not eligible. Garrett County Community Action Committee (GCCAC) has developed 700 rental housing units and helped finance 500 home buyers throughout the county but only a very small percentage are not income restricted as a result of federal funding stipulations.

This issue is not exclusive to Garrett County and is affecting communities throughout the country, especially in tourism destinations and rural communities. Rural communities have been facing significant population losses for the last 30 years and a lack of affordable workforce housing is compounding the problem. Young people can move to urban areas with ample housing options which depletes the workforce pipeline in the rural communities and tourism areas.

According to an August 2018 study conducted by the Town of Grantsville, one of the eight small municipalities in Garrett County, there is a current shortage of more than 100 market-rate rental units. We believe that the current county-wide shortage is more than 500 units. Although a county-wide housing study has not been conducted since 2007 (before the Great Recession), that study did cite a severe lack of workforce housing and identified that 75% of housing was being developed in the Deep Creek Lake tourist area. The Garrett County Chamber of Commerce is working with the Board of County Commissioners and GCCAC on a possible county-wide housing study. A comprehensive housing study would also provide insights into the future infrastructure needs such as water, sewer and broadband.

The County Commissioners have developed and funded a financial assistance program for new home buyers in the County called "Pathway to home Ownership" which has been extremely successful but it does not address the rental market issue.

## Action Requested:

Currently, the federal government only provides financial assistance for low-income, subsidized multi-family housing with a very small percentage of market-rate units. Federal agencies need to revise programs to assist rural communities and builders with development of market-rate workforce housing in a way that makes it economically viable. This type of housing is critical to the future community and economic development for Garrett County and other rural communities. It is absolutely necessary for these communities to recruit new residents.

