



An Arc Central Chesapeake Region Company

White Paper on
**Scattered-Site
Housing**



Chesapeake Neighbors

Chesapeake Neighbors was founded in 2007 by The Arc Central Chesapeake Region to provide, promote, and support safe, affordable, and accessible housing for people and families in need. What started with one house in Anne Arundel County has grown to over 70 owned and managed, affordable, accessible single and multifamily units across Maryland, including Anne Arundel County and the Eastern Shore of Maryland. Learn more at <https://chesapeakeneighbors.org/>.

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Executive Summary

The affordable housing crisis remains a critical issue across the United States, and individuals and families in the State of Maryland are feeling the profound impacts of the steady climb of housing costs. Despite Maryland's economic prosperity, a significant portion of its population in both urban centers and rural areas grapples with housing affordability challenges.

This white paper introduces scattered-site housing as an innovative solution to this crisis. Unlike traditional large housing projects, scattered-site housing consists of publicly funded single-family or smaller multifamily rental units dispersed within communities. This model has shown promise in promoting social integration, reducing the stigma associated with public housing, and offering more affordable housing solutions.

However, while the benefits are clear, implementing scattered-site housing comes with its own set of challenges. Addressing local opposition, known as NIMBYism, securing consistent funding, and ensuring efficient maintenance and management are among the primary hurdles.

Through various case studies, from urban settings like Minneapolis to rural areas such as Vermont, the viability of scattered-site housing is evident. These cases underscore the importance of community engagement, innovative financing solutions, and proactive maintenance strategies.

For Maryland to harness the full potential of scattered-site housing, recommendations include establishing dedicated funding streams, fostering public-private partnerships, prioritizing mixed-income developments, and investing in data-driven research. By embracing these recommendations, Maryland can take a significant step towards alleviating its housing crisis, offering a brighter future for its residents.

Introduction

The aspiration for a secure, stable, and welcoming home is a sentiment shared by families across the State of Maryland. Yet, for an increasing number of our residents, this aspiration remains just out of reach. Housing, a fundamental human necessity, has become a significant source of concern as prices soar and affordable options diminish. As Maryland grapples with these challenges, it becomes imperative to address the widening gap between housing demand and the availability of affordable homes. Such a situation not only threatens the economic stability of countless families but also poses risks to the social fabric of our communities.

Historically, public housing projects have been the primary response to affordable housing needs. However, these concentrated models have often led to isolated pockets of poverty, perpetuating stereotypes and hindering the potential for community integration. In contrast, the scattered-site housing model emerges as an innovative solution, promising not just affordable homes, but also a chance for families to integrate organically into diverse neighborhoods. By dispersing housing units across a community, we open doors to diverse amenities, schools, parks, and most importantly, opportunities for meaningful social interactions.

This research paper endeavors to shed light on the scattered-site housing initiative, exploring its potential as an effective response to Maryland's affordable housing crisis. Through a detailed examination of its characteristics, benefits, and challenges, combined with insights from successful implementations elsewhere, we aim to present a comprehensive case for its adoption in Maryland. In doing so, we hope to spark a dialogue among policymakers, developers, and communities about the path forward in ensuring every Maryland family has a place to call home.

Understanding Scattered-Site Housing

Scattered-site housing, though a relatively lesser-known model, has been gaining traction as a potential solution to the affordable housing crisis. Its unique approach to housing distribution offers a stark contrast to traditional concentrated public housing models. To appreciate its potential, it's essential to delve deep into its defining characteristics, its comparative benefits, and the challenges it presents.

Definition and Characteristics:

Scattered-site housing represents a shift from the conventional approach to public housing. This model disperses individual housing units across a community, ensuring they are not concentrated in one specific location. The types of units can vary, ranging from apartments and single-family homes to townhouses. A key characteristic is their integration into existing neighborhoods, making them indistinguishable from other homes in the vicinity.

One of the pivotal features of scattered-site housing is the mixed-income approach. By design, this model seeks to integrate individuals and families from various economic backgrounds into a single development. The goal here is multifaceted: to promote economic diversity, to foster community cohesion, and to challenge traditional socio-economic barriers. In essence, scattered-site housing is not just about physical placement but also about fostering a diverse and inclusive community environment.

Comparison with Traditional Public Housing:

When thinking of traditional public housing, the imagery that often surfaces is that of large housing complexes or towering high-rises that predominantly cater to low-income families. These structures, while they do provide essential housing, often lead to the creation of concentrated pockets of low-income residents. Such concentration can have inadvertent consequences, including potential stigmatization of

residents and the reinforcement of socio-economic divides.

On the other hand, scattered-site housing aims to challenge this norm. Instead of creating visible divides, this model promotes integration. Low-income units are woven seamlessly into the broader community, making them indistinguishable from other residential units. The philosophy behind this approach is clear: challenge and eventually break down prevailing stereotypes associated with low-income housing by promoting inclusivity and integration. This not only benefits the residents of these units but also enriches the community as a whole.

Benefits of Scattered-Site Housing:

- **Community Integration:** One of the most pronounced benefits of scattered-site housing is its ability to foster genuine community integration. As families from diverse economic backgrounds live side-by-side, it promotes understanding and reduces the socio-economic divides that can often arise in concentrated housing areas.
- **Access to Amenities:** With units strategically spread across various neighborhoods, residents of scattered-site housing enjoy better access to a range of amenities. This includes quality schools, parks, healthcare facilities, and employment opportunities, ensuring that they aren't confined to resource-deprived areas.
- **Crime Reduction:** Another noteworthy benefit is the potential for crime reduction. Multiple studies have indicated that the deconcentration of poverty, a hallmark of scattered-site housing, can lead to lower crime rates. This creates safer environments for all residents and contributes to the overall well-being of the community.

Challenges of Scattered-Site Housing:

- **Management Complexity:** The decentralized nature of scattered-site units can pose logistical challenges in terms of maintenance, rent collection, and tenant support.
- **Community Resistance:** Often, there can be resistance from existing residents due to misconceptions about low-income households. Addressing these concerns requires sustained community engagement and education.
- **Funding Limitations:** A major roadblock for the implementation and expansion of scattered-site housing, particularly in Maryland, revolves around financial constraints. The primary challenge emerges from the predominant funding model for affordable housing. The Low-Income Housing Tax Credit (LIHTC) program, which is a significant source of funding for affordable housing projects, is typically tailored to support larger housing developments.

In Maryland, as in many other states, there's a heavy reliance on LIHTC for housing initiatives. While the program has achieved significant success in promoting affordable housing, its design inherently favors larger, centralized projects. This means scattered-site housing initiatives often find themselves in direct competition for these funds, even though their requirements and challenges might be distinct from larger projects.

Given the dispersed nature of scattered-site housing and its integration into existing neighborhoods, the costs and logistics can vary significantly compared to large-scale projects. The current funding models do not always account for these nuances, leading to potential underfunding or misallocation of resources. For scattered-site housing to truly realize its potential and reshape the housing landscape, there's a pressing need to reconsider funding structures and ensure dedicated resources that cater to its unique demands.

In essence, understanding scattered-site housing requires us to re-envision what affordable housing can look like. Beyond merely providing shelter, it seeks to redefine community dynamics, emphasizing inclusivity and integration.

Case Studies: Successful Implementations Elsewhere

The efficacy and transformative potential of scattered-site housing can be seen across different geographic and demographic landscapes. By exploring a range of implementations, from bustling urban centers to serene rural regions, we gain a comprehensive understanding of the model's adaptability and the strategies that lead to its success.

Chicago, Illinois:

Chicago, with its dense urban fabric, has historically struggled with the challenges posed by large high-rise public housing projects. Areas like Cabrini-Green became synonymous with crime, neglect, and the pitfalls of concentrated poverty. Recognizing the need for change, the city launched the "Plan for Transformation" in the early 2000s. This ambitious initiative aimed to dismantle notorious high-rise projects and replace them with mixed-income, scattered-site developments.

The outcomes have been remarkable. Not only have former residents of these communities gained access to improved living conditions, but the broader neighborhoods have also undergone revitalization. Economic opportunities, safety metrics, and educational outcomes have shown significant positive trends in areas where the new developments have been established.

Minneapolis, Minnesota:

Minneapolis offers a contrasting case, having adopted the scattered-site housing model much earlier, in the 1970s. The city's approach has been consistent: avoiding the creation of large public housing complexes and instead, embedding individual or small clusters of units within existing neighborhoods.

Residents of these scattered-site homes in Minneapolis have reported a multitude of benefits, from a heightened sense of community integration to reduced experiences of housing-related stigma. Moreover, the Minnesota Housing Finance Agency noted that scattered-site affordable housing was distinct in having no impact on neighborhood crime, whereas projects over 50 units saw increased crime immediately around the property.

Key to Minneapolis's success has been the emphasis on collaboration. Government agencies, developers, and community organizations have worked hand-in-hand to ensure that scattered-site units blend seamlessly into neighborhoods, enriching, not, disrupting them.

Vermont:

Vermont's scenic beauty belies the housing challenges faced by many of its small towns. Aging structures, a need for preservation, and limited resources are some of the issues at hand. Organizations like the Vermont Housing & Conservation Board (VHCB) have stepped in with innovative solutions, leveraging the scattered-site housing model to address these challenges.

By focusing on acquiring and rehabilitating existing structures, VHCB projects create affordable rental units that respect the architectural and historical character of small towns. Such an approach ensures that new developments don't stick out but instead blend into the town's existing aesthetic. This careful balance between modern housing needs and preservation has made Vermont's scattered-site housing initiatives particularly successful.

Montgomery County, Maryland:

Montgomery County has experienced increases in scattered site developments, in large part due to their implementation of an inclusive housing ordinance. This ordinance randomly assigned housing to qualified applicants, often in smaller multifamily properties. According to a 2010 study, this distribution of low-income families around Montgomery County allowed for better integration into mixed-income school and neighborhood environments, having an outsized positive impact on the County's low-income students over a seven-year period.

Maryland's Affordable Housing Crisis: A Closer Look

Maryland, known for its diverse urban and rural landscapes, faces a significant challenge with its growing affordable housing crisis. As the state experiences economic growth, the parallel surge in housing prices has made it increasingly difficult for many residents to secure homes within their means.

Recent data reveals alarming trends. For every 100 low-income households in Maryland below 50 percent area median income (AMI), there are only 56 affordable rental homes available. This shortage places Maryland among the top states grappling with a deficit in affordable housing. Furthermore, nearly 30% of Maryland's renters spend more than half their income on housing, a percentage significantly higher than the national average. Such financial strains often force families to make painful trade-offs, sacrificing essential needs like healthcare, education, or even food to keep a roof over their heads.

The crisis isn't isolated to urban centers like Baltimore or Annapolis. Suburban and rural areas of Maryland are also feeling the pinch. In counties like Montgomery and Prince George's, the rapid rise in property values has outpaced wage growth, leaving many families

priced out of communities they have lived in for generations. On the Eastern Shore, rural Talbot County has witnessed extremely high rent growth, with rents increasing by 45 percent since 2019, according to CoStar Group, over two times higher than any other county in Maryland. This dislocation affects not just individual families but the very essence of community life.

The implications of this crisis extend beyond housing. The stress of unaffordable housing can have ripple effects on mental health, job performance, and children's education. Schools witness higher turnover rates as families move in search of cheaper accommodations, disrupting children's educational journeys. Employers face challenges in workforce stability, with employees often facing long commutes or frequent relocations.

In light of these realities, it becomes evident that addressing the affordable housing crisis is not just about providing shelter. It's about ensuring that Maryland's families have a stable foundation to build their lives upon. As we delve deeper into the potential of scattered-site housing as a solution, it's crucial to keep in mind the broader context of this pressing issue and the lives it touches.

The Potential Impact on Maryland Families

As Maryland grapples with its affordable housing crisis, the potential impact of scattered-site housing on its families is significant. This model promises not only to increase the availability of affordable homes but also to improve the overall quality of life for residents by integrating them into thriving, diverse communities. The adoption of scattered-site housing in Maryland can address both the tangible and intangible facets of living, from economic stability to social cohesion.

Economic Implications:

From an economic standpoint, scattered-site housing promises a slew of benefits. When families have access to affordable housing, they have more disposable income to spend on essential services such as healthcare, education, and nutritious food. According to the National Low Income Housing Coalition, 74 percent of Maryland's low-income families spend over 50 percent of their household income on housing costs, what the Coalition labels "severely cost burdened." By reducing this burden, scattered-site housing can play a pivotal role in enhancing the economic health of families.

Moreover, by dispersing affordable housing units across diverse neighborhoods, residents gain better access to employment opportunities. Geography is often considered destiny. Where an individual grows up largely determines their economic mobility. Scattered-site housing, by integrating families into economically vibrant communities, can significantly enhance their upward mobility.

Beyond economic considerations, scattered-site housing holds the potential to reshape the social fabric of Maryland communities. When families from diverse socio-economic backgrounds coexist in the same neighborhoods, it breaks down barriers, challenges stereotypes, and fosters mutual understanding.

Improved Access to Amenities:

A direct offshoot of economic and social integration is improved access to amenities. Scattered-site housing ensures that low-income families aren't relegated to resource-starved neighborhoods. They gain access to better schools, healthcare facilities, parks, and recreational areas. Such access has cascading effects on health, education, and overall well-being.

According to a study by the Urban Institute, children who grow up in mixed-income neighborhoods with access to quality amenities are more likely to graduate

high school, attend college, and have higher lifetime earnings compared to their counterparts in low-income, concentrated neighborhoods.

In essence, scattered-site housing stands as a beacon of hope for Maryland families navigating the turbulent waters of the housing crisis. It offers more than just a roof overhead; it promises a life of dignity, economic stability, and social integration. However, the pivot from traditional housing models to scattered-site housing requires concerted effort, community engagement, and, critically, robust funding mechanisms. By championing this cause, Maryland can usher in a new era of inclusive, sustainable, and vibrant communities.

Recommendations for Implementation in Maryland

1. Establish Dedicated Funding Streams and Tax Incentives:

The bedrock of any successful housing initiative lies in its financial foundation. According to the Joint Center for Housing Studies at Harvard University, states that earmark dedicated funding for housing initiatives have seen significant upticks in affordable housing projects. Maryland should prioritize dedicated funding streams tailored specifically for scattered-site projects, ensuring that they're not just viable but sustainable in the long term.

Currently, most housing programs, especially in Maryland, are geared toward Low-Income Housing Tax Credit (LIHTC) housing, favoring larger developments. This focus leaves innovative models like scattered-site housing competing for limited resources.

For both non-profit and for-profit developers to bring the benefits of scattered-site housing to Maryland communities, it is imperative that

funding mechanisms are reevaluated and realigned. Maryland's policymakers and financial institutions must prioritize and channel investments into scattered-site housing to catalyze its widespread adoption.

Furthermore, financial incentives can be compelling motivators for developers. New York's example, where tax abatements led to a 20 percent increase in affordable housing projects over five years, is particularly instructive. By offering similar incentives, Maryland can attract a wider pool of developers, ensuring a diverse and robust array of scattered-site housing projects across the state.

2. Foster Public-Private Partnerships and Streamlined Processes:

Public-private partnerships (PPPs) combine the best of both sectors. The Brookings Institution's findings, which highlighted a 1.5x leverage of private funds for every public dollar in PPP housing projects, underscores the potential of such collaborations. Maryland stands to benefit from harnessing the innovation, efficiency, and funding capabilities of the private sector, especially when combined with the state's welfare objectives.

Beyond funding, the efficiency of bureaucratic processes can make or break a project's appeal. The Housing Policy Initiative's report emphasized the potential of streamlined permitting, which studies show can lead to cost reductions of up to 10 percent for housing projects. Maryland should actively simplify and expedite approval processes, ensuring that developers face minimal red tape and therefore experience faster project rollouts.

3. Prioritize Mixed-Income Developments and Community Engagement:

Mixed-income projects offer a multifaceted solution. A study by the Urban Institute highlighted

the economic stability such projects bring, thanks to diversified revenue streams. But beyond economics, these developments foster community cohesion and integration. By emphasizing mixed-income projects, Maryland ensures both financial viability and social harmony within its scattered-site housing initiatives.

Effective community engagement is equally crucial. The National Community Development Association pointed out the tangible benefits of proactive community involvement, notably a 30 percent acceleration in project completion rates. Maryland should focus on grassroots engagement, ensuring that communities are not just beneficiaries but active participants in shaping their housing landscapes.

4. Invest in Data-Driven Research and Continuous Iteration:

A data-driven approach to housing can exponentially improve policy efficiency. The Urban Institute's findings, which highlighted a 25 percent efficiency uptick in data-driven housing policies, are a testament to this. Maryland should prioritize comprehensive research and data collection, ensuring its strategies are both evidence-based and adaptable to evolving community needs.

Furthermore, the importance of continuous monitoring and feedback cannot be overstated. With projects regularly evaluated against their set objectives and the feedback loop kept active, Maryland can ensure the longevity and relevance of its scattered-site housing projects, adjusting strategies and implementations as required.

5. Emphasize Education, Training, and Regional Collaboration:

The nuances of scattered-site housing necessitate specialized knowledge and skills. The National

Housing Conference underscored the tangible benefits of training initiatives, with a marked 30 percent improvement in project management efficacy in states that prioritized such programs. Maryland should invest in tailored training for stakeholders, ensuring top-notch project execution and management.

Moreover, housing challenges often transcend administrative boundaries. For instance, the Regional Housing Initiative in Chicago pools resources from multiple counties to support affordable housing *projects, showcasing the potential* benefits of such collaboration. By fostering regional partnerships, Maryland can ensure a coordinated, holistic approach to scattered-site housing, maximizing its impact.

While the challenges of implementing scattered-site housing are multifaceted, a strategic, focused approach can yield transformative results. By concentrating on these five key recommendations, Maryland can pave the way for a housing revolution, ensuring a brighter, inclusive future for its residents.

Challenges and Concerns in Implementing Scattered-Site Housing

Scattered-site housing, while promising, brings its set of challenges and concerns that need to be addressed for successful implementation. This section delves into these challenges, offering insights into their nature and potential mitigation strategies.

Addressing NIMBYism (Not In My Backyard):

NIMBY (Not In My Backyard) sentiment often emerges as a significant barrier in housing development. This resistance by residents to new developments in their neighborhoods usually stems from concerns over

property values, perceived changes in neighborhood character, or unfounded apprehensions about the new residents.

NIMBYism, though not unique to scattered-site housing, can sometimes be intensified due to the dispersed nature of these projects. Counteracting this requires education and transparent communication. Engaging communities early, dispelling misconceptions, and emphasizing the broader societal benefits can mitigate NIMBY opposition.

Financing Challenges:

The unique nature of scattered-site housing introduces certain financing challenges. Traditional financing avenues, often geared towards larger, centralized projects, might not be directly transferrable. The diversity in property sizes, conditions, and locations can complicate consistent funding.

Given that most financing mechanisms, like the Low-Income Housing Tax Credit (LIHTC), are tailored for larger developments, scattered-site housing demands innovative solutions. Exploring public-private partnerships, dedicated funding streams, and tax incentives can provide the necessary financial foundation.

Maintenance and Management:

Maintenance and management of scattered-site housing, given its decentralized nature, pose distinctive challenges. Unlike larger housing projects with consolidated maintenance teams, scattered-site projects require a more distributed approach, potentially leading to inefficiencies.

Ensuring optimal property conditions necessitates effective property management. Investing in specialized training for property managers, employing technology for maintenance coordination, and setting

clear protocols can ensure consistent maintenance standards across scattered-site housing units.

Operational Complexities:

Scattered-site housing projects come with their set of operational complexities, from navigating varied local regulations to addressing individual property challenges. Each property might present unique hurdles, from renovation requirements to community integration.

Addressing these complexities requires robust operational frameworks. Comprehensive property assessments, standardized renovation guidelines, and a consistent approach to community engagement can help streamline operations. Data-driven management, with real-time data guiding operational decisions, can proactively tackle challenges, ensuring the initiative's longevity and success.

Conclusion

The affordable housing crisis in Maryland, reflective of a broader national challenge, requires innovative, sustainable solutions. As this white paper has highlighted, scattered-site housing emerges as a viable strategy to address this pressing need. Its potential to blend seamlessly into existing neighborhoods, promote community integration, and offer economically feasible housing solutions makes it a compelling choice for Maryland.

However, as with any significant initiative, scattered-site housing is not without its challenges. From navigating NIMBY sentiments and securing consistent funding to ensuring efficient maintenance and managing operational complexities, the path to implementing this housing model requires careful navigation. But these challenges, while significant, are not insurmountable. Through strategic planning, community engagement, and a commitment to continuous learning and adaptation, they can be effectively addressed.

By administering financial programs and incentives, harnessing public-private partnerships, emphasizing mixed-income developments, investing in data-driven research, and fostering regional collaborations, Maryland has the opportunity to lead in this domain. The state stands at a pivotal juncture, with the chance to redefine its housing landscape, ensuring that every Maryland resident has access to affordable, quality housing.

In embracing scattered-site housing and committing to its successful implementation, Maryland is not just investing in structures but in its people, its communities, and its future. It's a vision of a more inclusive, integrated, and prosperous state, where everyone has a place to call home.

