SENATE CAPITAL BUDGET HEARING

Tuesday, February 28, 2017

HOUSE CAPITAL BUDGET HEARING

Wednesday, March 1, 2017

Presentation by the

Maryland Department of Housing and Community Development

Secretary: Kenneth C. Holt

DHCD
Maryland Department of Housing and Community Development

7800 Harkins Road • Lanham, MD 20706
1-800-756-0119 • *www.dhcd.maryland.org*

LAWRENCE J. HOGAN JR.	BOYD K. RUTHERFORD	KENNETH C. HOLT
Governor	*Lt. Governor*	*Secretary*

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DHCD)
Response to Department of Legislative Services (DLS)
FY 2018 Capital Budget Analysis

Table of Contents

DHCD HIGHLIGHTS 2

RECOMMENDED BUDGET ACTIONS 4
Mandated Funding Recommendations 4
1. Restore mandated funding for Baltimore Regional Neighborhood Initiative (BRNI) 4
2. Restore mandated funding for SEED Community Development Anchor Institution Fund 4

GO BOND Recommended Actions 6
1. Delete $1m of the GO Bond authorization for Community Legacy 6
2. Delete $200,000 of the GO Bond authorization for Neighborhood Business Works 7
3. Approve the GO Bond authorization for the Strategic Demolition Fund 7
4. Delete $2.5 million of the GO Bond authorization for Special Loan programs 7
5. Delete $900,000 of the GO Bond authorization for Homeownership. 8
6. Delete $1,000,000 of the GO Bond authorization for Partnership Rental Housing Program 10
7. Approve the GO Bonds authorization for Shelter and Transitional Housing Facilities 11

ISSUES 12
1. Impact of Project CORE 12
2. Ellicott City Efforts 13
3. SSBCI funding 13
4. BPW Cost Containment impact 14

Appendices

- **Economic Impact of DHCD's Programs**
- **Maps of DHCD Program Activity**

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DHCD)

Response to Department of Legislative Services (DLS)

FY 2018 Capital Budget Analysis

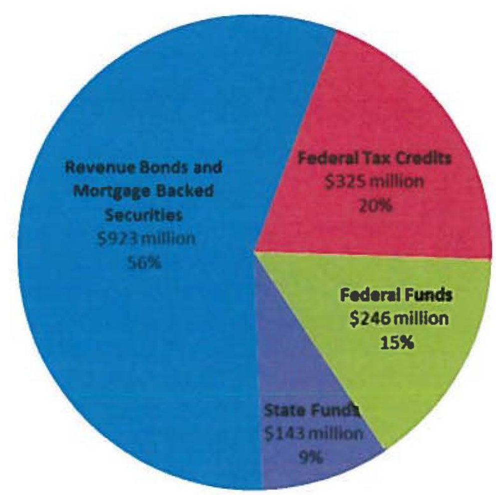
DHCD HIGHLIGHTS

DHCD works with partners to finance and support affordable and energy-efficient homeownership, rental housing, small businesses, neighborhood revitalization and municipal infrastructure projects that change Maryland for the better.

DHCD remains unique in its ability to leverage limited State funds to raise significant amounts of private capital -- spurring economic growth, creating jobs, providing safe affordable rental housing and sustainable homeownership while also revitalizing communities.

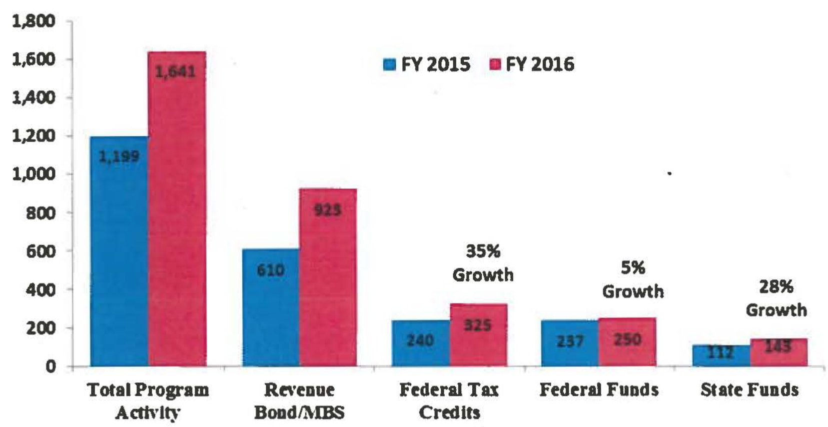
State funds on average have comprised less than 10% percent of DHCD's total loan and grant program activity for the past five years, enabling DHCD to generate a total of $5.4 billion worth of housing, small business, local government infrastructure and revitalization financing using only $522.5 million of State funds. FY 2016 program activity by fund source is shown on the chart.

FY 2016 Loan and Grant Program Activity



DHCD's $1.6 billion of FY 2016 program activity was 37% higher than FY 2015's $1.2 billion. The FY 2016 increase was due a 51% increase in capital raised through revenue bond and mortgage-backed securities; 35% increase in Federal tax credit equity investment coupled with a 28% increases in State Funds associated with funding for Project CORE.

DHCD Loan and Grant Program Activity by Fund Source ($million)



DHCD's programs consistently generate significant total economic impact for Maryland using limited State funding. In FY 2016, every dollar of State funding generated $22 of economic impact in Maryland - $3.1 billion in total, supporting more than 19,000 jobs and generating over $80.0

million in State and local tax revenues. The additional activity from non-State fund sources generated more economic impact than in FY 2015, growing almost 30.0% from $2.6. Leverage activity in FY 2016 was at its highest level growing 33.0% and 24.0% when compared FY2014 and FY2015.

FY 2016 DHCD program activity was the highest on record with significant increases, particularly in multifamily and single family housing. In FY 2016, DHCD financed 4,674 affordable rental housing units, 57.6% more than the 2,965 units financed in FY 2015. The Maryland Mortgage Program loan activity was also up 46.2% compared to FY 2015. The bulk of this higher FY 2016 activity was again funded through revenue bonds and mortgage-backed securities – DHCD's largest funding source.

DHCD's revenue bond and mortgage-backed security issuances and portfolios are self-supporting, without any debt service costs to the State or operating cost burden to taxpayers. The capital raised by DHCD through its revenue bond and mortgage-backed securities issuances amounts to half of the total capital raised by the State of Maryland through its General Obligation Bond issuances during the same period, with no debt services costs to the State or reliance on the good faith and credit of the State.

DHCD also manages a $3 billion portfolio of Community Development Administration assets and liabilities, including single family and multifamily mortgage revenue bonds with underlying mortgage-backed securities, mortgage loans and investments. DHCD has a fiduciary responsibility to private market investors to carry out ongoing transactional servicing and portfolio management of these asset and debt securities, provide U.S. Securities and Exchange Commission-mandated disclosures and ensure federal tax law compliance for up to 30-40 years. DHCD also manages over 1.0 billion portfolio of State and federally-funded loans.

DHCD has achieved these FY 2016 results and carried out the ongoing portfolio management with just over 400 positions. In FY 2016 alone, almost $4.1 million of new program activity was generated per DHCD authorized position.

In addition, DHCD's administrative expense ratio (administrative operating expenses as a percentage of loan and grant program activity) is consistently less than 5%, with no General Funds used to support personnel or other operating costs that cover new production and asset management of the existing portfolio.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DHCD)
Response to Department of Legislative Services (DLS)
FY 2018 Capital Budget Analysis

RECOMMENDED BUDGET ACTIONS

Mandated Funding Recommendations

1. **Restore mandated funding for Baltimore Regional Neighborhood Initiative (BRNI)** *(page 9 of the DLS Capital Budget Analysis)*

DLS Recommendation: The Department of Legislative Services (DLS) recommends against removing the mandate for BRNI spending in the DLS analysis of the Budget Reconciliation Finance Act (BRFA) of 2017 and recommends that the Governor be allowed to use GO Bonds to meet the mandate. DLS also recommends a $9 million increase in the GO Bond authorization for this program to increase the fiscal 2018 funding level to the $12 million mandate established in Chapter 29 of 2016.

DHCD Response:

DHCD respectfully **does not concur** with this recommendation. DHCD concurs with the Governor's budget actions that result in a balanced and fiscally responsible budget. In addition, DHCD does not agree with adding funds for new and greatly expanded programs at the expense of cuts to long standing established programs with demonstrated results and strong pipelines of project requests.

2. **Restore mandated funding for SEED Community Development Anchor Institution Fund** *(page 19 of DLS Capital Budget Analysis)*

DLS Recommendation: In its analysis of the BRFA of 2017, DLS recommends against the provision eliminating the mandated appropriation and recommends that the Governor be allowed to use GO Bond funds to meet the mandate. DLS recommends adding a $5 million GO Bond authorization for this program. DLS also recommends that DHCD produce a report on how the funds for this program will be used.

DHCD Response:

DHCD respectfully **does not concur** with this recommendation. DHCD concurs with the Governor's budget actions that result in a balanced and fiscally responsible budget. In addition, DHCD does not agree with adding funds for new and greatly expanded programs at the expense of cuts to long standing established programs with demonstrated results and strong pipelines of project requests.

DLS has requested information on how the program funding would be used. If and when funding is available for this program, the Seed Community Development Anchor Institution Fund will allow Maryland's institutions of higher learning to invest in their surrounding communities through community development projects to achieve stronger neighborhoods, increased residents, job creation, and economic growth. DHCD will administer the program in a competitive manner similar to our other revitalization programs within DHCD's Division of Neighborhood Revitalization. The program differs in that the potential applicants would be an "anchor institution" such as hospitals, colleges and universities; a group of partners that is often less active from the network of local partners with which DHCD works.

House Bill 1400 defines "anchor institution" as (1) an institution of higher education in the State or (2) a hospital institution in the State. A hospital institution must (1) have at least five physicians organized as a medical staff for the institution; (2) maintain facilities to provide diagnostic and treatment services for two or more unrelated individuals; and (3) admit or retain individuals for overnight care.

The following projects can illustrate how the SEED fund could encourage partnerships between anchor institutions and their local communities:

The Central Baltimore Partnership and Jubilee Baltimore worked together with Johns Hopkins University and the Maryland Institute College of Art to renovate the historic and long vacant Centre Theatre in Baltimore's Station North Arts & Entertainment District. This $19 million project converted a 66,000-sf vacant building into a thriving center for arts and innovation. The Centre is now the home of the Hopkins/MICA film studies program and also the nonprofit Baltimore Jewelry Center, the Impact Hub and the Center for Neighborhoods, a collaborative work space for nonprofits that serve Baltimore neighborhoods.

Across the street, Johns Hopkins University announced that the Parkway Theater (vacant since 1998) would be reopening in 2017. Once again, DHCD partnered with Central Baltimore Partnership (and their partners) to help finance this historic theatre. The Parkway will contain three screens, six hundred twenty seats, and a live performance area, the main auditorium will have a seating capacity of 420 seats and the new building next door will contain two smaller 100 seat theatres bringing the total number of seats to 620. The center will not only be dedicated to exhibiting films; it will also be a space for education. It will aid both Johns Hopkins University and the Maryland Institute College of Art's film programs by allowing them to study the production of filmmaking and documentation. It is also envisioned as a site of the Maryland Film Festival. The estimated total cost of the renovation is $18.2 million.

In Hagerstown, DHCD is working with the city, the University of Maryland system and local developers to renovate and reuse upper stories of downtown buildings to be affordable student housing as the University plans to significantly expand its programming downtown.

These are the kinds of "high impact" reinvestment projects for which SEED funding can make happen. DHCD will provide an annual report on the SEED program, if and when funding becomes available.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DHCD)
Response to Department of Legislative Services (DLS)
FY 2018 Capital Budget Analysis

GO BOND Recommended Actions

1. **Delete $1m of the GO Bond authorization for Community Legacy** *(page 12 of DLS Capital Budget Analysis)*

DLS Recommendation: The Department of Legislative Services (DLS) recommends deleting $1 million of the Community Legacy GO Bond authorization to fund the program at fiscal year 2017 level.

DHCD Response:

DHCD respectfully **does not concur** with the recommendation to cut $1 million of GO Bond authorization from Community Legacy. The FY 2017 BPW reductions were one-time stopgaps to address a fiscal emergency. They should not be regarded as the new baseline for the programs' ongoing operations.

DHCD recommends funding the Governor's allowance in full at $6 million. A reduction of $1 million in Community Legacy (CL) funding would be detrimental to Maryland's older communities that are need of this statewide flexible revitalization resource.

CL continues to be in very high demand by local governments and nonprofit organizations. In this fiscal year (FY17), DHCD received 138 applications requesting approximately $30 million in funding for projects that would leverage at least another $134 million in non-state funding.

CL is one of the State's most effective neighborhood revitalization tools and one of few programs that can be used throughout the state for a wide variety of revitalization activities. Projects range from small commercial improvement programs to the adaptive reuse of historic vacant buildings.

CL funding is targeted to communities designated as Sustainable Communities. Currently there are 103 such designations throughout the state and the number continues to expand. Additionally, the Sustainable Community designation process requires that communities create "Sustainable Community Area" plans that are updated every five years. As communities update their Sustainable Community Area plans and as new communities become designated, there continues to be a series of strategic revitalization activities that need to be funded.

The proposed reduction in funding would significantly reduce the funding available for the Department to support these activities.

2. **Delete $200,000 of the GO Bond authorization for Neighborhood Business Works** *(page 13 of DLS Capital Budget Analysis)*

DLS Recommendation: The Department of Legislative Services (DLS) deleting $200,000 of the NBW GO Bond authorization which would provide the same level of GO Bond funding that the program received in general funds in fiscal year 2017 adjusted for the reductions made by the administration.

DHCD Response:

DHCD respectfully **does not concur** with deleting $200,000 of the NBW GO Bond authorization. The FY 2017 BPW reductions were one-time stopgaps to address a fiscal emergency. They should not be regarded as the new baseline for the programs' ongoing operations.

The proposed $200,000 cut in funding for NBW will have a direct, negative impact on the ability of the program to provide support for small businesses in Maryland that are seeking to expand or get started. The pipeline of demand for capital through NBW is at a historically high level. All Fiscal Year 2017 funds for NBW are currently committed to important businesses across the State of Maryland. And the program has a strong pipeline of projects seeking support in FY 2018 and beyond. A reduction in funding will result in fewer businesses assisted and fewer jobs created.

3. **Approve the GO Bond authorization for the Strategic Demolition Fund** *(page 14 of DLS Capital Budget Analysis)*

DLS Recommendation: The Department of Legislative Services (DLS) recommends approval of the use of GO Bond funds for the mandate in fiscal 2018 and 2019 in its analysis of the BRFA of 2017.

DHCD Response:

DHCD respectfully **concurs** with this recommendation.

4. **Delete $2.5 million of the GO Bond authorization for Special Loan programs** *(page 17 of DLS Capital Budget Analysis)*

DLS Recommendation: The Department of Legislative Services (DLS) recommends deleting $2.5 million of the GO Bond authorization for Special Loans Programs, which would provide the same level GO Bond funding as was provided in general funds in fiscal year 2017 before the Administration reduced the fiscal year 2017 level to $0.

DHCD Response:

DHCD respectfully **does not concur** with this recommendation. The FY 2017 BPW reductions were one-time stopgaps to address a fiscal emergency. They should not be regarded as the new baseline for the programs' ongoing operations.

The sole mission of the Special Loans programs is to help homeowners get necessary repairs completed on their home who otherwise could not afford it. A $2.5 million cut is a 33% cut of the proposed budget, which would impact roughly 175-200 homeowners that can be assisted.

The program has recently generated significant momentum due to outreach and education of its programs- and the recommended budget cut will essentially cause SLP to stop accepting any new applications. Currently, these programs are experiencing an all-time high in application volume:

- DHCD has increased production of the Accessible Homes for Seniors Program in FY 16 by 262% and are currently are on pace to increase this fiscal year by another 27%. The proposed cut would have a direct negative impact in the "Aging in Place" emphasis throughout Maryland that this program is currently assisting in.

- DHCD is anticipating using over $2 million in Lead projects this year for the second year in a row.

- The Group Home Program has utilized almost all the FY 17budget this year now February.

With less available funds at the county level, the Special Loans programs have become a critical resource for low-to-moderate income families to have necessary repairs completed on their home. Many of the program recipients are in homes that are close to be uninhabitable and there are major safety and health concerns. Without sufficient allocated funding, many of these individuals will have to walk away from their homes or worse live in conditions that put their lives and their family's lives at risk.

5. **Delete $900,000 of the GO Bond authorization for Homeownership. Comment on the large planned increase in the out years** (*page 18 of DLS Capital Budget Analysis)*

DLS Recommendation: DHCD should comment on the large planned increase for funding for this program in the out-years of the CIP. DLS recommends deleting $900,000 of the GO Bond authorization for Homeownership Program, which would provide the same level GO Bond funding as was provided in general funds in fiscal year 2017.

DHCD Response:

The planned increase for funding in the out years will support Maryland's first time homebuyers. The increase in home buying over the last few years and DHCD's projection going forward is consistent with other state HFAs nationwide, due to several factors

- The Mortgage Bankers Association predicts mortgage rates will rise slightly but remain low, purchase applications will increase and refinance applications will decrease. MBA expects rates on the 30-year fixed rate mortgage to remain below 5 percent through the end of 2018.
- Strong household formation coupled with further job growth, rising wages and continuing home price appreciation will drive strong growth in purchase originations in the coming years.
- More **millennials** will enter the market and become homeowners. Although home prices remain generally affordable, rising student loan debt has eroded the amount of income that households have to spend on a home purchase. According to the Survey of Consumer Finances, the share of all US households with outstanding student loan debt increased from 12 percent in 2001 to 20 percent in 2013. At the same time, the median outstanding loan balance rose from $10,500 to $17,000, with 36 percent of borrowers in 2013 owing more than $25,000 and 17 percent owing more than $50,000.
- In recent decades, the growth of **New Americans** in the United States (42 million total foreign-born population in U.S.) has led to an increasing presence of New Americans in the housing market. According to a joint study conducted by Mortgage Bankers Association and Research Institute for Housing America, it is projected that between 2010-2020 decade, New Americans in the United States will account for 32.2 percent of growth in households and 35.7 percent of growth in homeowners in the United States, subsequently creating an important source of new demand in housing markets across the nation and contributing to stabilizing the overall housing market.
- Accumulating a **down payment** presents an additional challenge. The 2013 Survey of Consumer Finances indicates that 12 percent of renter households had no savings in transaction or retirement accounts or other financial instruments. Among the other 88 percent of renter households, the median value of all financial assets was just $3,000. By comparison, a 5-6 percent down payment on a median-priced existing home in 2016 in Maryland was $12,000.

In FY 2016, DHCD was able to serve the demand for Down Payment Assistance (DPA) with the one-time allocation from the $6 million Attorney General's allocation to Prince George's County, as well as the utilization of the Rainy Day funds for Baltimore. These resources will not be available again. DHCD is working with several local jurisdictions to identify partnerships that can provide DPA, but most have limited funding available.

With regard to the $900,000 reduction, DHCD respectfully **does not concur** with this recommendation. The FY 2017 BPW reductions were one-time stopgaps to address a fiscal emergency. They should not be regarded as the new baseline for the programs' ongoing operations.

As discussed above, demand for DPA is strong, and the proposed $900,000 cut would mean that 180 other-wise credit-worthy home-buyers may not be able to qualify to buy a home due to insufficient funds needed to pay closing costs and down payment. Down payment and closing cost assistance provided through MMP cover about 1/4 of total closing costs or provide just enough funds for the down payment assistance to keep the mortgage costs affordable to DHCD borrowers. DHCD harnesses all other resources, i.e. below market interested rates, exclusively lower costs of private mortgage insurance, mortgage credit certificates (federal income tax credits) to contribute toward successful homeownership in the State of Maryland. DHCD leverages its strong reputation and professional relationships with Fannie Mae and Freddie Mac, HUD, FHA, VA and RHS, private mortgage insurance companies, realtors, and mortgage origination companies to serve those Marylanders who might need a little extra help in getting into their own homes.

In addition, investing in first time homebuyers is a direct investment into Maryland's economy. According to the Maryland Association of Realtors' 2014-2015 numbers, the real estate industry, including sales, construction and financing, both directly and indirectly, supports 480,000 jobs. The property related taxes generated almost 58% of total local government general fund revenues in Maryland.

The Maryland Mortgage Program portfolio has become a very sound one with financially responsible borrowers evidenced by the below demographics data where we note the average FICO score of 715 and the average loan has a Loan-to-Value ratio of 97.21%. This data is proof that the Maryland Mortgage Program through its strict guidelines not only assists first time homebuyers purchasing their homes but only contributes to the obvious improvement of the Maryland housing financing stability with reduced defaults and foreclosure probability. Additionally, 46% of the Maryland Mortgage Program borrowers are minorities, which helps fulfill the mission of community development.

Current funding level of $10 million is only about half of what DHCD needs to run the size of the program that DHCD fulfilled in FY2016.

6. **Delete $1,000,000 of the GO Bond authorization for Partnership Rental Housing Program (PRHP)** *(page 18 of DLS Capital Budget Analysis)*

DLS Recommendation: DLS recommends deleting $1,000,000 of the GO Bond authorization, which would provide the same level GO Bond funding as was provided in general funds in fiscal year 2017 after the Administration's cost containment actions.

DHCD Response:

DHCD respectfully **does not concur** with this recommendation. The FY 2017 BPW reductions were one-time stopgaps to address a fiscal emergency. They should not be regarded as the new baseline for the programs' ongoing operations.

The PRHP program is important to the continued high level of production in the Multifamily division. The PRHP program is designed to assist local governments increase the supply of affordable rental housing within their jurisdictions while serving households at 50% of AMI or below. Currently the multifamily pipeline has requests for over $6M. In addition we received over $3M of requests in the 2016 Fall Competitive funding round. A reduction in PRHP funds will limit the number of families being served in Maryland.

7. **Approve the GO Bonds authorization for Shelter and Transitional Housing Facilities** *(page 19 of DLS Capital Budget Analysis)*

DLS Recommendation: DLS recommends approval of the BRFA provision to use GO Bonds in place of general funds for this program.

DHCD Response:

DHCD respectfully **concurs** with this recommendation.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT (DHCD)
Response to Department of Legislative Services (DLS)
FY 2018 Capital Budget Analysis

ISSUES

1. **Impact of Project CORE** *(pages 23 of the DLS Capital Budget Analysis)*

DLS Recommendations: DHCD should comment on its estimates for Project CORE impact. The department should also comment on plans for properties demolished by MSA that have no redevelopment plans attached.

DHCD Response:

The Department respectfully **does not concur** with the DLS analyst's assessment that the Department's financial projections for the revitalization impact of Project C.O.R.E are overstated, are not directly related to demolition and blight removal, or would have happened with or without Project C.O.R.E. funding.

Instead, the Department remains confident that Project C.O.R.E. related investments will lead to and be complemented by at least $600 million in new investment in Baltimore City's most economically stressed residential neighborhoods over the first four-year period of the initiative's funding. The Department is already making strong progress toward this projection. Through the FY17 C.O.R.E. Request for Applications (RFA), thirty projects were awarded funding that will leverage an additional $285 million for blight elimination through the demolition or reuse of vacant buildings.

A strong pipeline exists for the anticipated second Project C.O.R.E. RFA which will be offered for FY18 round of C.O.R.E. funds. DHCD has received more than twenty letters of interest from project sponsors for projects totaling more than $100 million in pent up reinvestment demand.

In addition, the Department is prioritizing the use of its grant and loan tools to invest in projects that are near sites receiving Project C.O.R.E awards. For instance, the Cal Ripken Sr. Foundation recently identified a site at Frederick Douglas High school in West Baltimore for redevelopment into a state-of-the-art ballfield to be named in honor of Hall of Fame Oriole legend Brooks Robinson. Like Project C.O.R.E. itself, this $1.5 million project would not exist except for the response of the public and private sectors to increase investment in and renewal of Baltimore's most blighted communities. The Ripken Foundation will partner with the high school to apply for Community Legacy's FY18 funding.

The Department anticipates using its full range of housing finance and revitalization tools – including Private Activity Bonds, Rental Assistance Demonstration, and Low Income Housing Tax Credits – to maximize the potential of C.O.R.E. funding to unlock potential for affordable and mixed-income rental projects, homeownership sites, and commercial redevelopment. For example, the FY17 Project C.O.R.E awards include two major sites on North Avenue that are also applying for the Department's next allocation of 9% Low-Income Housing Tax Credits (LIHTCs). This is just one illustration of many where Project C.O.R.E.'s new funding coupled with the Department's existing tools is able to unlock substantial private sector investment in new and high-impact blight elimination in Baltimore's hardest hit neighborhoods.

With respect to demolition sites where no current redevelopment plan exists, these sites will have important interim or long-term use as community parks and open spaces. This is an important outcome for neighborhoods that otherwise are subject to blighting influences and illegal activities that vacant buildings attract. The Department is working closely with Baltimore City Housing, Baltimore City Department of Planning, and community partners to design and fund reuse plans for properties demolished by MSA as properties are released for demolition.

Reuse plans will coincide with the City's Department Planning's Green Network Plan that identifies short term and long term greenspace created through demolition. Potential reuse plans include but are not limited to storm water management strategies, community parks, and recreation fields. In addition, the Department seeks out redevelopment opportunities for vacant lots created through Project C.O.R.E. through future RFAs.

2. Ellicott City Efforts *(page 24 of DLS Capital Budget Analysis)*

DLS Recommendations: DHCD should comment on the status of its efforts in Ellicott City.

DHCD Response:

DHCD received a total of $2.5 million from the Catastrophic Event Fund, and $2.5 million from Video Lottery Terminal (VLT) Fund. An admin fee (of 7.5%) is being taken on the VLT funds, so not all that is available for lending.

At this point DHCD has closed 25 loans totaling $1.542 million and we have another 6 loans in the pre-closing pipeline. Overall closed and pre-closing are 31 loans for $2.292 million. DHCD staff continue to work very closely with Howard County officials, Preservation Maryland and the Ellicott City Partnership, and are on-site on Main Street on a regular basis to work with businesses. There were hearings with the House and Senate in mid-January to provide an update to the legislature.

It's also worth noting that DHCD provided rental assistance to tenants displaced by the flood. 27 households were assisted with approximately $78,000 of rental assistance; 2 loans were provided totaling $250,000 through our special loans division.

3. SSBCI funding *(page 24 of the DLS Capital Budget Analysis)*

DLS Recommendations: DHCD should comment on the reasons for not complying with Treasury Department regulations for the program.

DHCD Response:

When SSBCI was being implemented several years ago by DHCD, funds were deployed through Neighborhood Business Works as gap funding, with the NBW funds leveraging private capital. Issues arose over the three loans with regard to the definition of "private capital".

NBW has always considered private capital all other sources of capital that is not State funding including bank financing, CDFI financing and owners capital injection. The final conclusion of US Treasury was that private capital could only be considered FDIC insured bank financing. With support from the department's legal counsel, DHCD did not agree with that conclusion, and did not believe that the FAQs referenced by Treasury supported their position. DHCD believes the loans complied with the rules, but ultimately the Treasury Department's opinion differed.

4. BPW Cost Containment impact *(page 25 of DLS Capital Budget Analysis)*

DLS Recommendations: DHCD should comment on the impact of the reductions.

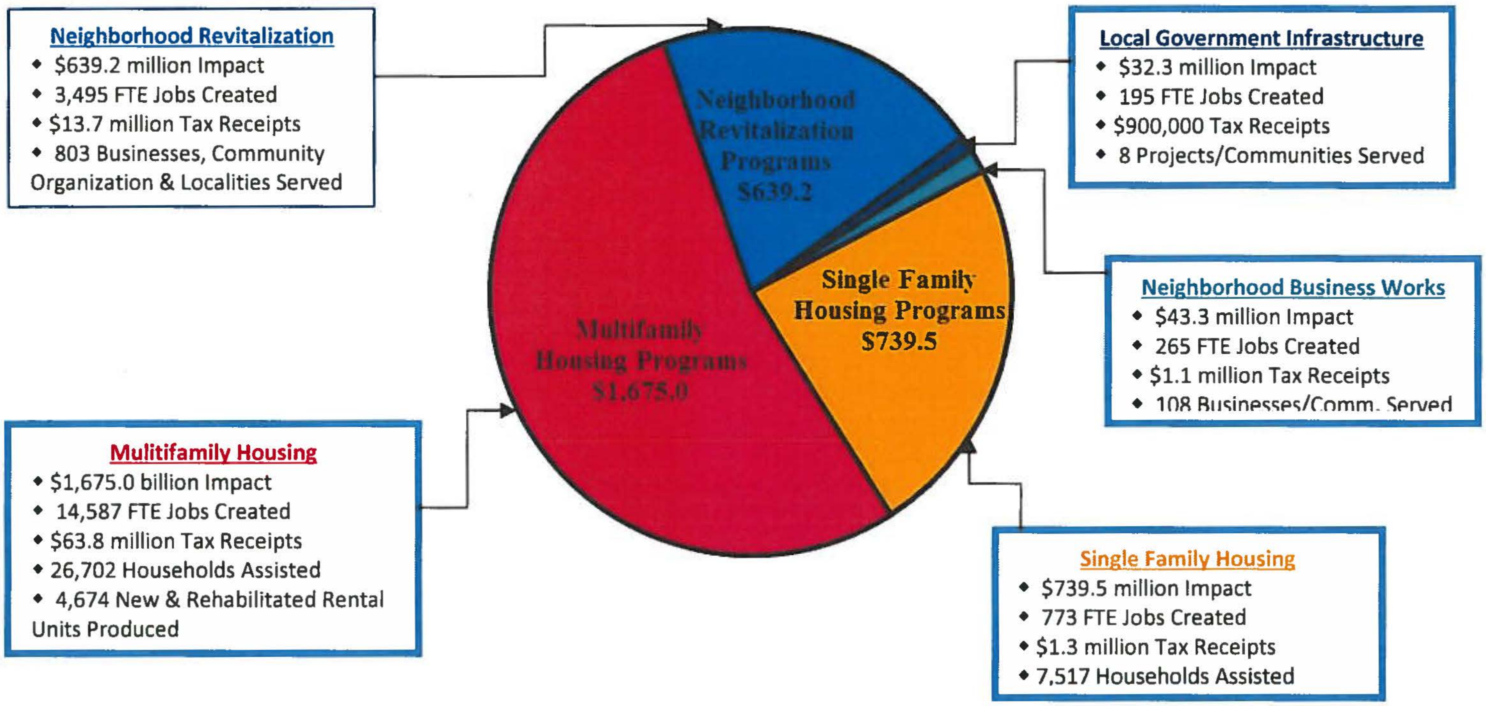
DHCD Response:

The FY 2017 BPW reductions were one-time stopgaps to address a fiscal emergency. The reductions will be managed through a review and possible reallocation of any programmatic encumbrances that have not been utilized in a timely manner, with the goal of maintaining the original funding commitments for both existing and the new recipients of the awards. In addition, DHCD will monitor revenues in its capital programs during the fiscal year. Anything received over and beyond what was budgeted in FY 17 may be utilized later in the fiscal year, upon approval, toward covering the budget reduction. Even though such special funds may become available in FY2017, they will reduce the amount of special funds that will be available for FY2018 and beyond.

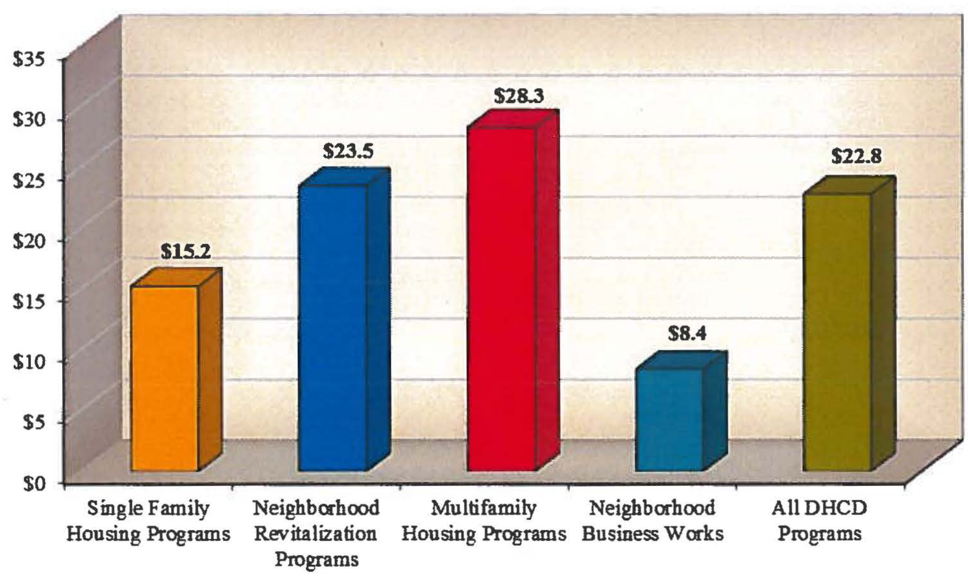
ANNUAL ECONOMIC IMPACT OF DHCD PROGRAMS

2016 Fiscal Year

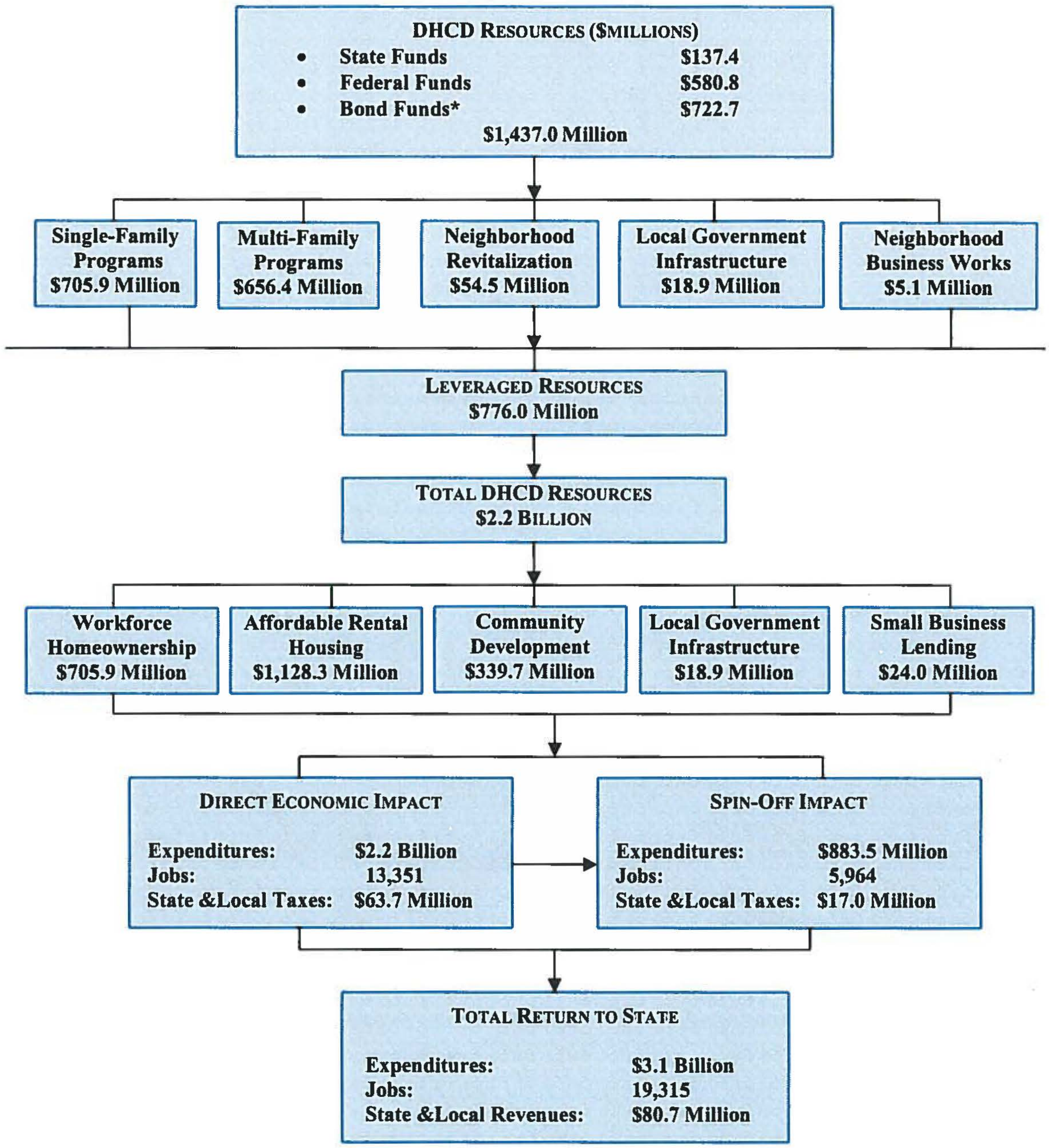
$3,129.3 Million
Economic Impact in Maryland



EVERY DOLLAR OF STATE FUNDS INVESTED IN DHCD PROGRAMS GENERATED $22.8 OF ECONOMIC IMPACT IN MARYLAND



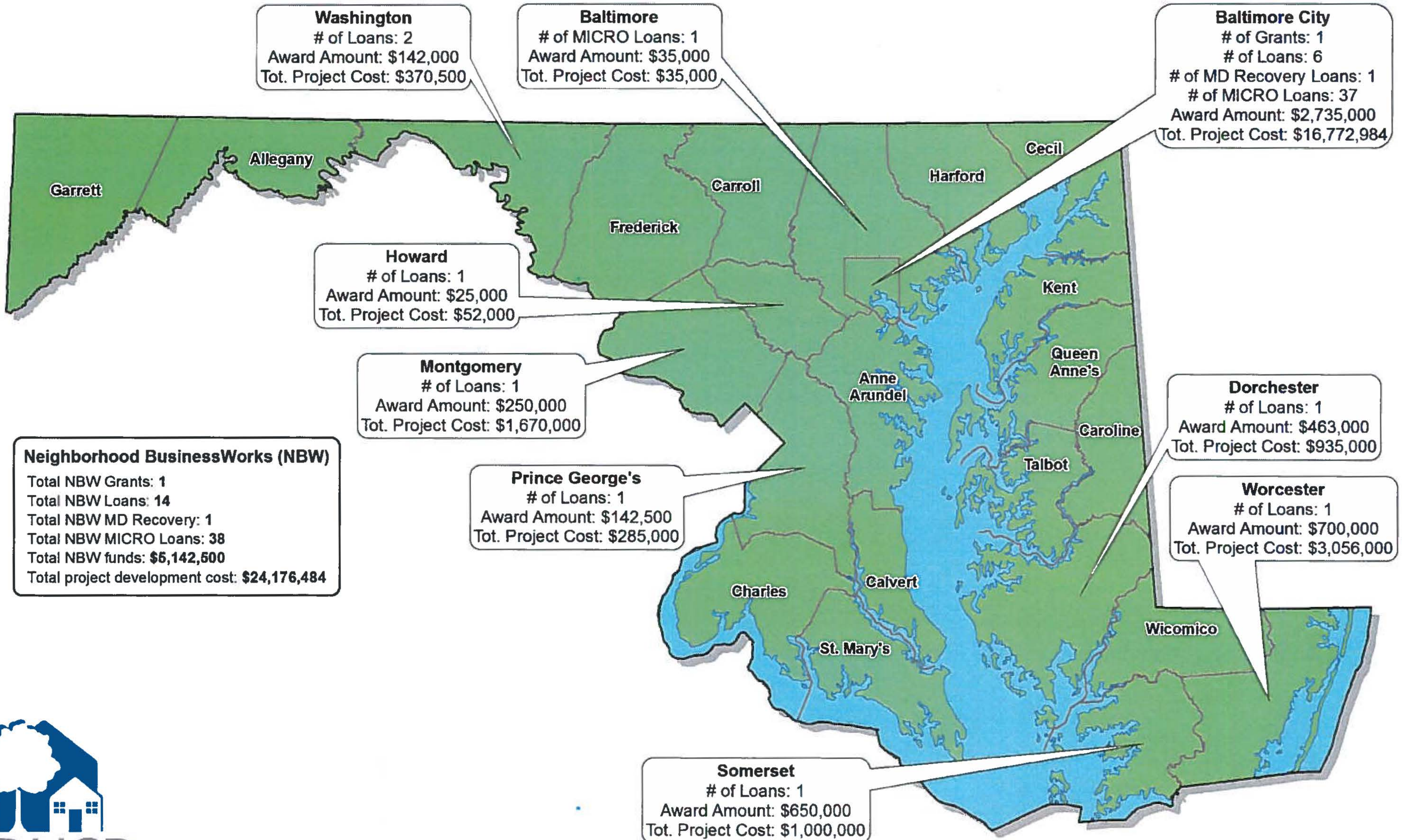
ECONOMIC FLOW OF DHCD PROGRAMS
FISCAL YEAR 2016



Note: Totals may not add up due to rounding
Source: Maryland Department of Housing and Community Development
** Excludes $200.3million of short-term bonds issued by Multi-family*

Neighborhood BusinessWorks

Loans and Grants: *State FY 2016*



Neighborhood BusinessWorks (NBW)

Total NBW Grants: **1**
Total NBW Loans: **14**
Total NBW MD Recovery: **1**
Total NBW MICRO Loans: **38**
Total NBW funds: **$5,142,500**
Total project development cost: **$24,176,484**

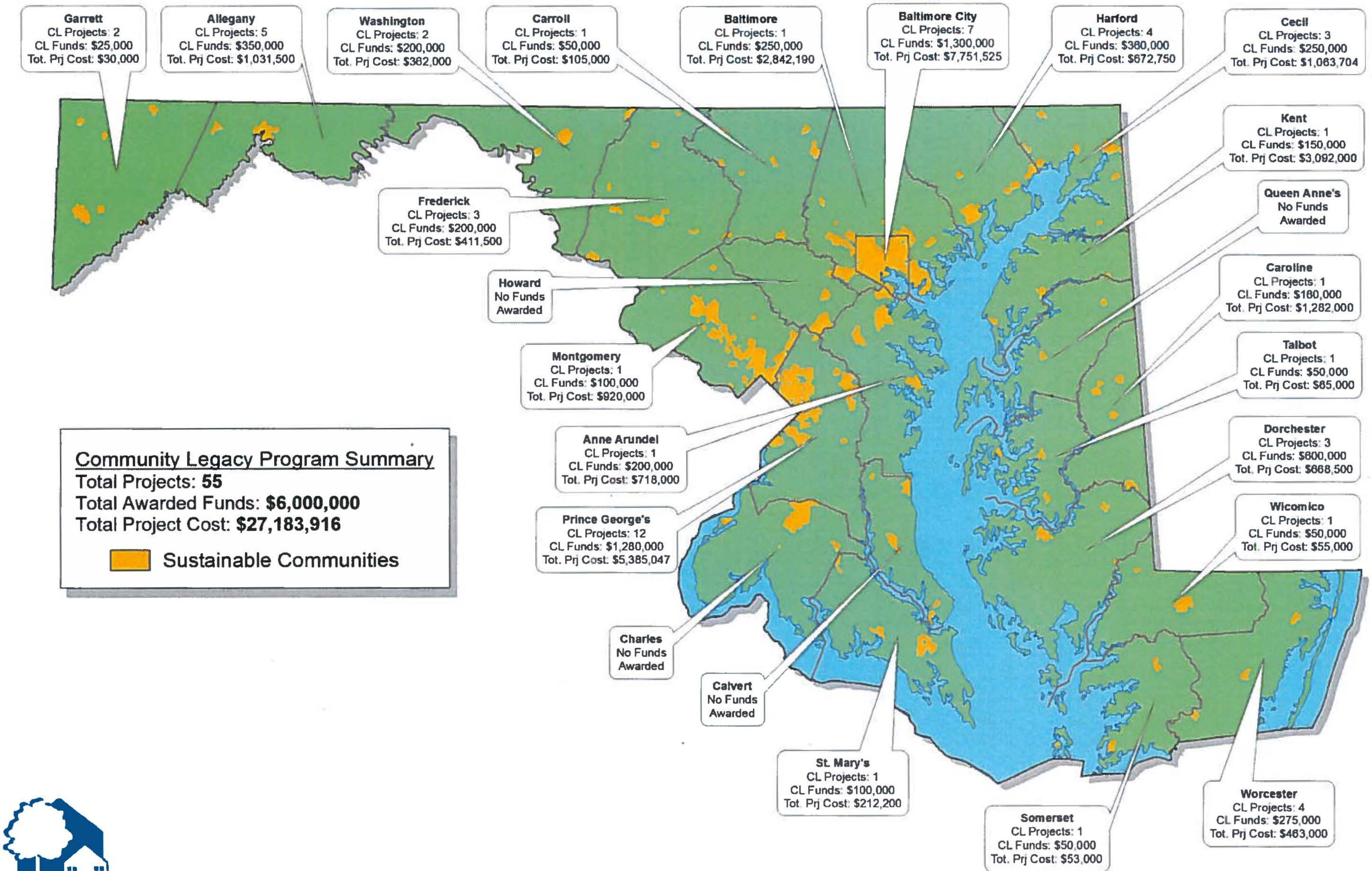
DHCD
Maryland Department of Housing and Community Development

Maryland Department of Housing and Community Development
Secretary Kenneth C. Holt

pub. date: 02/07/2017

Community Legacy Program

FY 2016: Awards by County

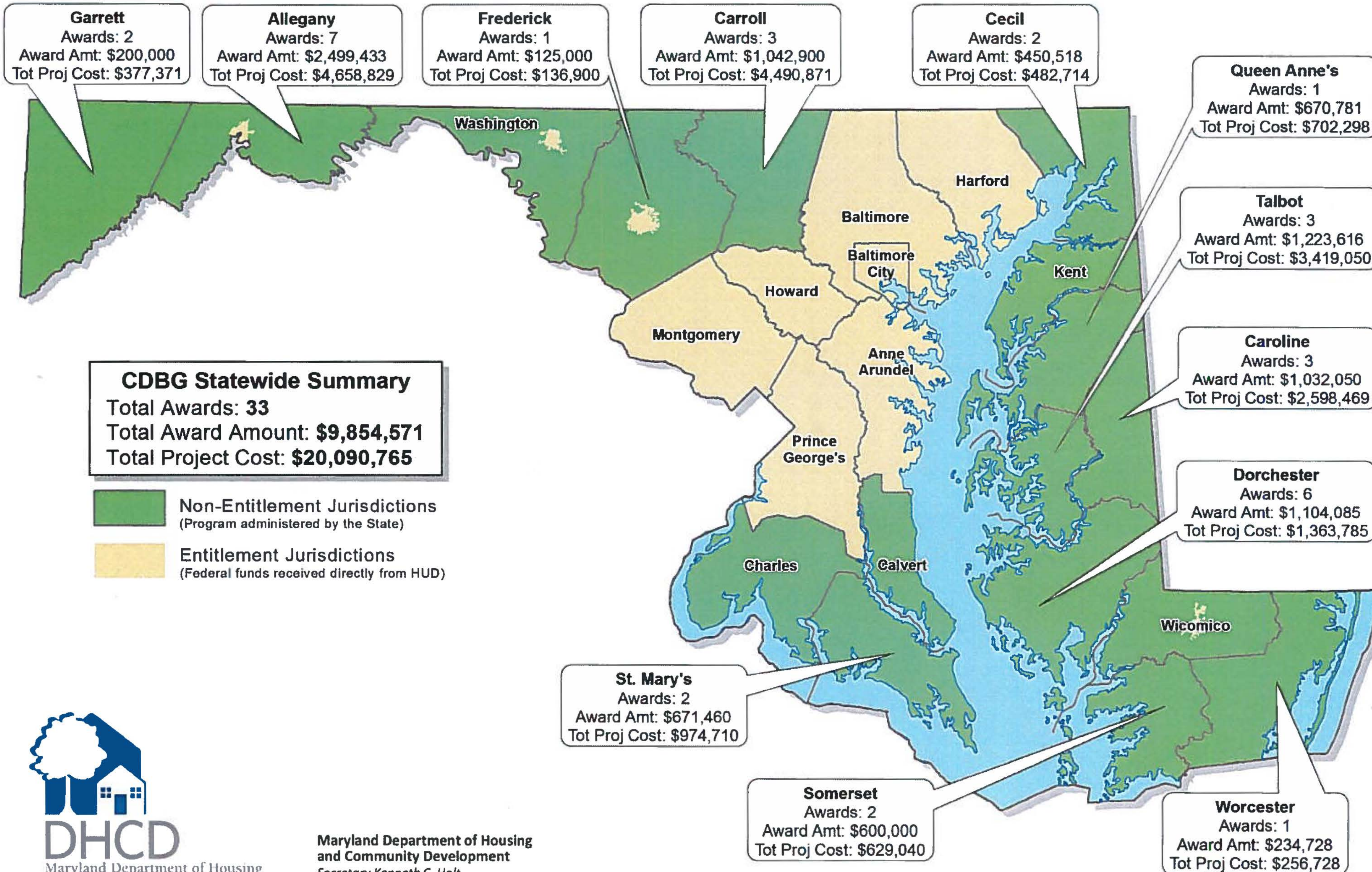


DHCD
Maryland Department of Housing and Community Development

Maryland Department of Housing and Community Development
Secretary Kenneth C. Holt

pub. date: 02/06/2017

Community Development Block Grant
by Jurisdiction: *FY 2016*



CDBG Statewide Summary
Total Awards: **33**
Total Award Amount: **$9,854,571**
Total Project Cost: **$20,090,765**

Non-Entitlement Jurisdictions
(Program administered by the State)

Entitlement Jurisdictions
(Federal funds received directly from HUD)

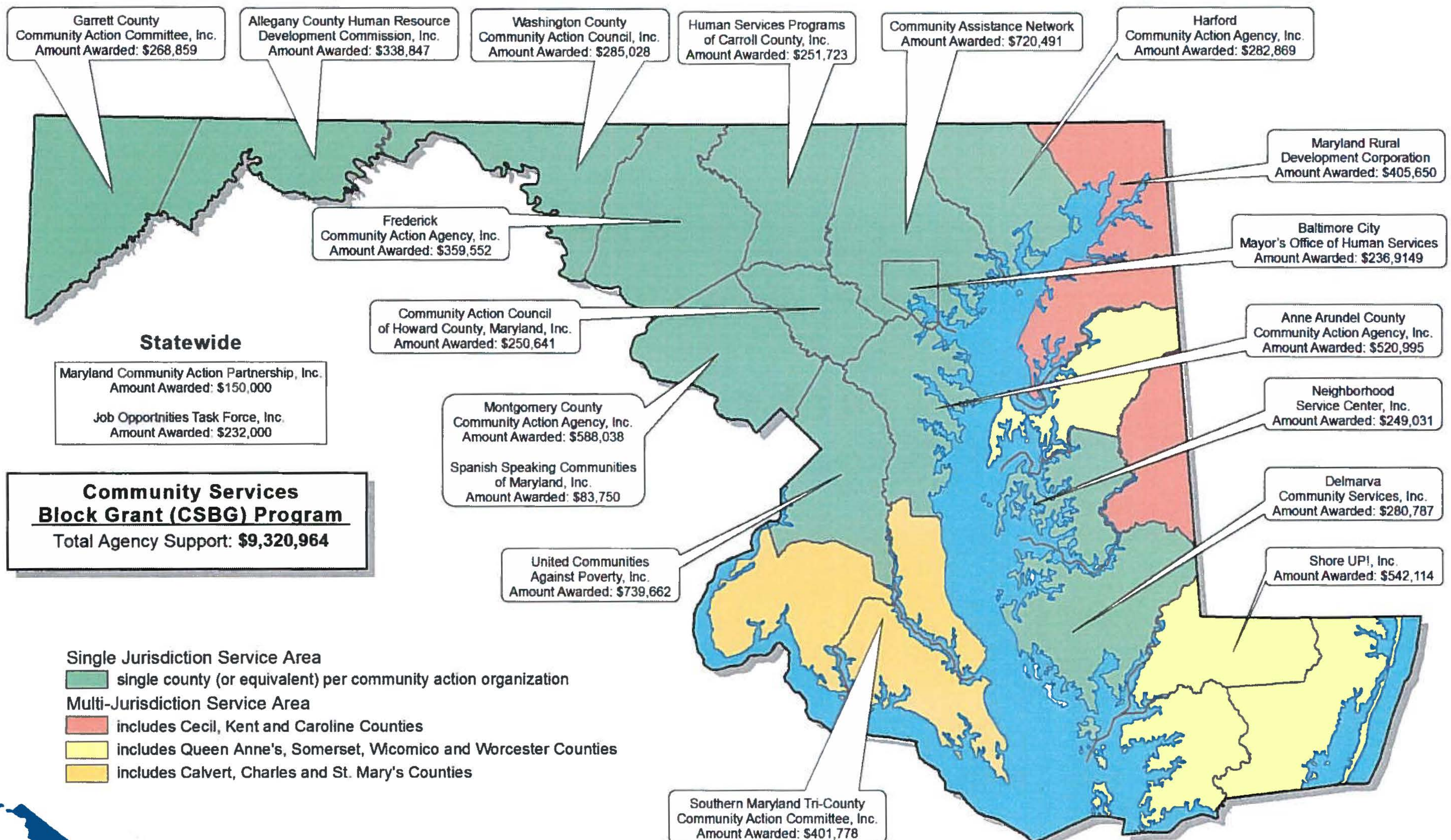
DHCD
Maryland Department of Housing and Community Development

Maryland Department of Housing and Community Development
Secretary Kenneth C. Holt

pub. date: 02/06/2017

Community Services Block Grant Program: *Awards By Community Action Organization*

Federal FY 2016



DHCD
Maryland Department of Housing and Community Development

Maryland Department of Housing and Community Development
Secretary Kenneth C. Holt

pub. date: 02/06/2017

Foreclosure Prevention Counseling Awards

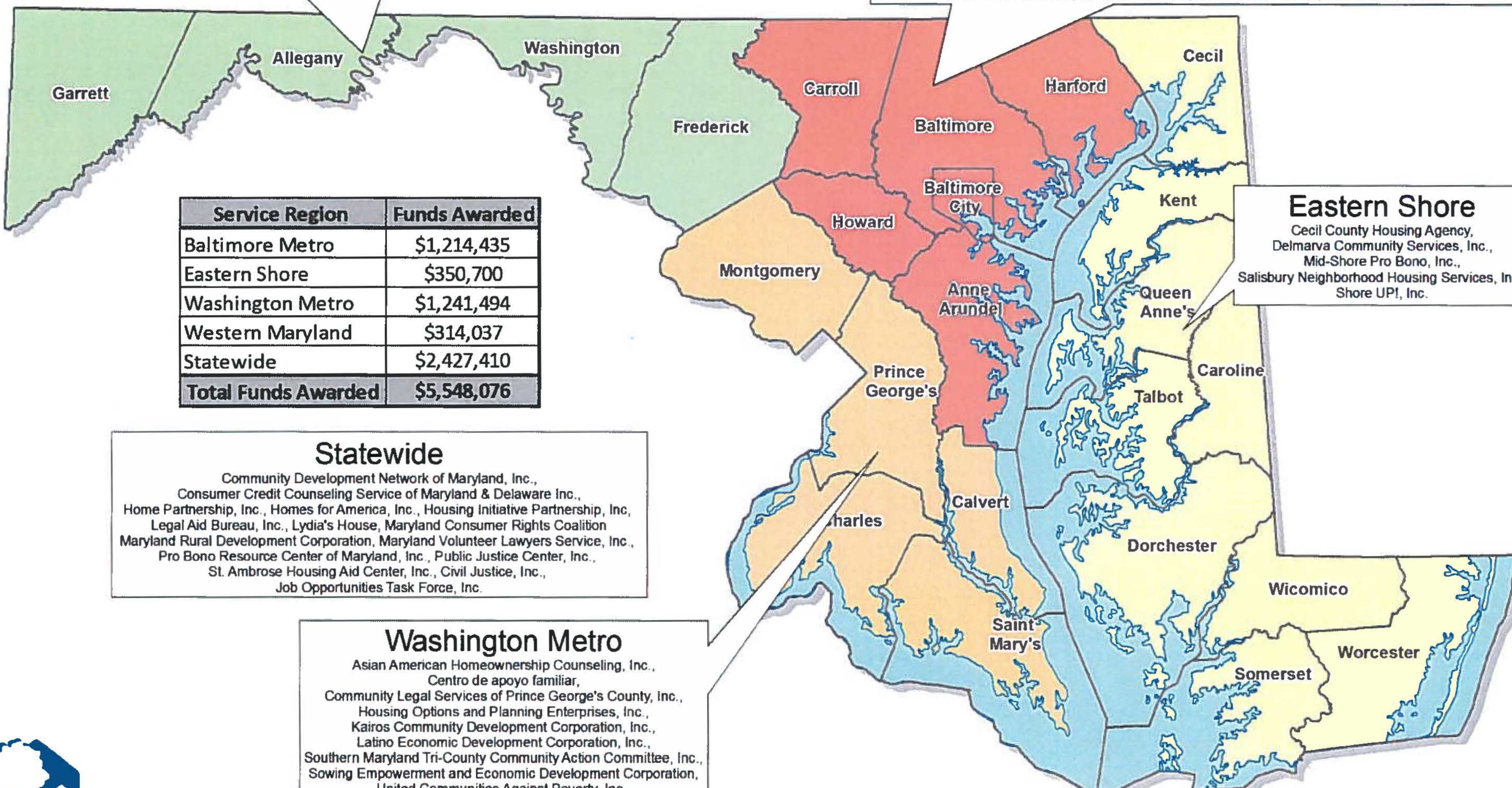
FY 2016

Western Maryland

Allegany County, Allegany Law Foundation, Inc.,
Frederick Community Action Agency, Inc.,
Garrett County Community Action Committee, Inc.,
Hagerstown Neighborhood Development Partnership, Inc.,
Washington County Community Action Council, Inc.

Baltimore Metro

Anne Arundel County Community Action Agency, Inc., Arundel Community Development Services, Inc.,
Belair-Edison Neighborhoods, Inc., Comprehensive Housing Assistance, Inc.,
Diversified Housing Development, Inc., Druid Heights Community Development Corporation,
Eastside Community Development Corporation, Garwyn Oaks Northwest Housing Resource Center, Inc.,
Harford County Department of Housing and Community Development,
Neighborhood Housing Services of Baltimore, Inc., Park Heights Renaissance, Inc.,
Southeast Community Development Corporation, TRF Development Partners, Inc.



Service Region	Funds Awarded
Baltimore Metro	$1,214,435
Eastern Shore	$350,700
Washington Metro	$1,241,494
Western Maryland	$314,037
Statewide	$2,427,410
Total Funds Awarded	**$5,548,076**

Eastern Shore

Cecil County Housing Agency,
Delmarva Community Services, Inc.,
Mid-Shore Pro Bono, Inc.,
Salisbury Neighborhood Housing Services, Inc.,
Shore UP!, Inc.

Statewide

Community Development Network of Maryland, Inc.,
Consumer Credit Counseling Service of Maryland & Delaware Inc.,
Home Partnership, Inc., Homes for America, Inc., Housing Initiative Partnership, Inc,
Legal Aid Bureau, Inc., Lydia's House, Maryland Consumer Rights Coalition
Maryland Rural Development Corporation, Maryland Volunteer Lawyers Service, Inc.,
Pro Bono Resource Center of Maryland, Inc., Public Justice Center, Inc.,
St. Ambrose Housing Aid Center, Inc., Civil Justice, Inc.,
Job Opportunities Task Force, Inc.

Washington Metro

Asian American Homeownership Counseling, Inc.,
Centro de apoyo familiar,
Community Legal Services of Prince George's County, Inc.,
Housing Options and Planning Enterprises, Inc.,
Kairos Community Development Corporation, Inc.,
Latino Economic Development Corporation, Inc.,
Southern Maryland Tri-County Community Action Committee, Inc.,
Sowing Empowerment and Economic Development Corporation,
United Communities Against Poverty, Inc.,
Unity Economic Development Corporation, Inc.

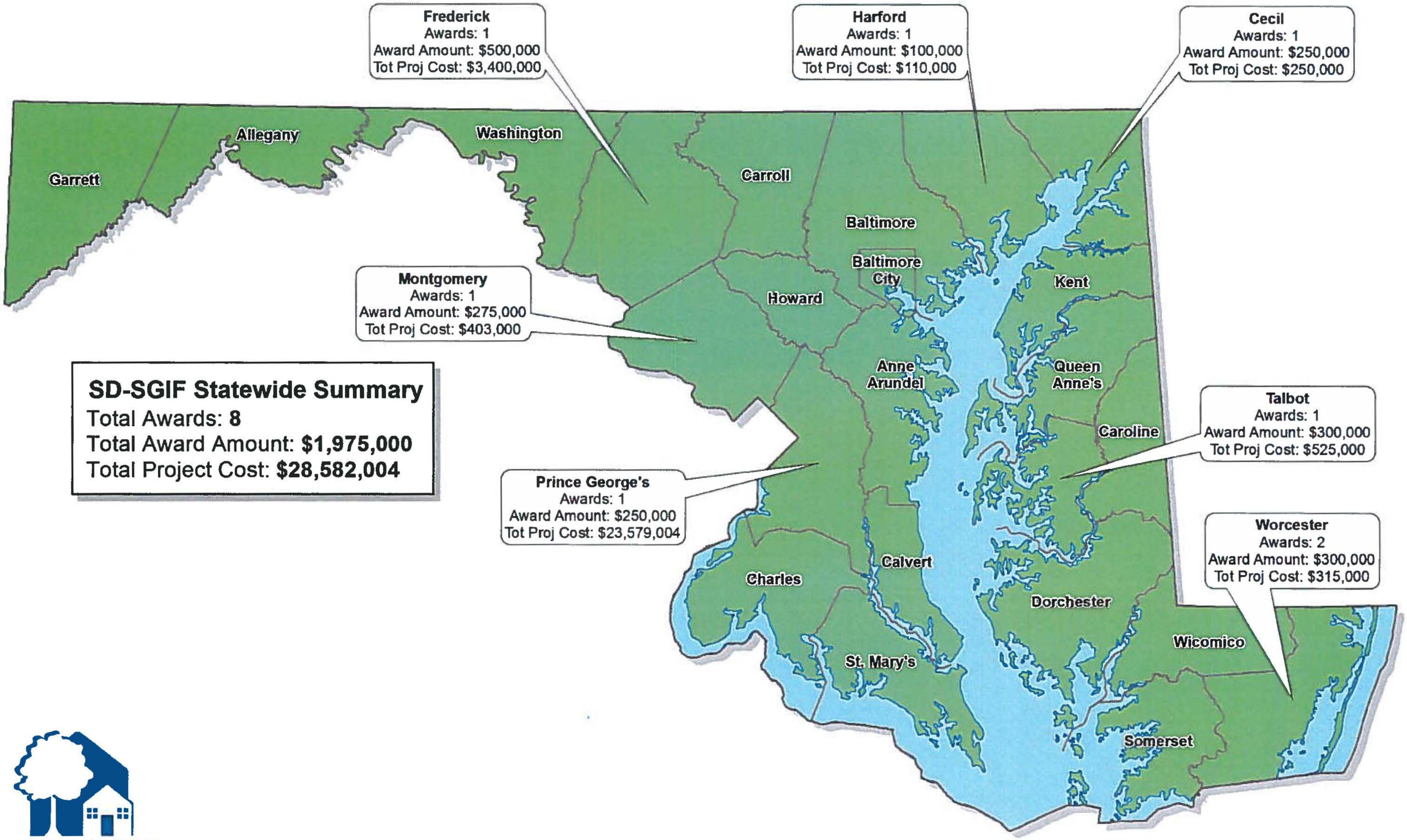
DHCD
Maryland Department of Housing and Community Development

Maryland Department of Housing and Community Development
Secretary Kenneth C. Holt

pub. date: 02/07/2017

Strategic Demolition and Smart Growth Impact Fund (SD-SGIF)

by Jurisdiction: *2016*



SD-SGIF Statewide Summary

Total Awards: **8**

Total Award Amount: **$1,975,000**

Total Project Cost: **$28,582,004**

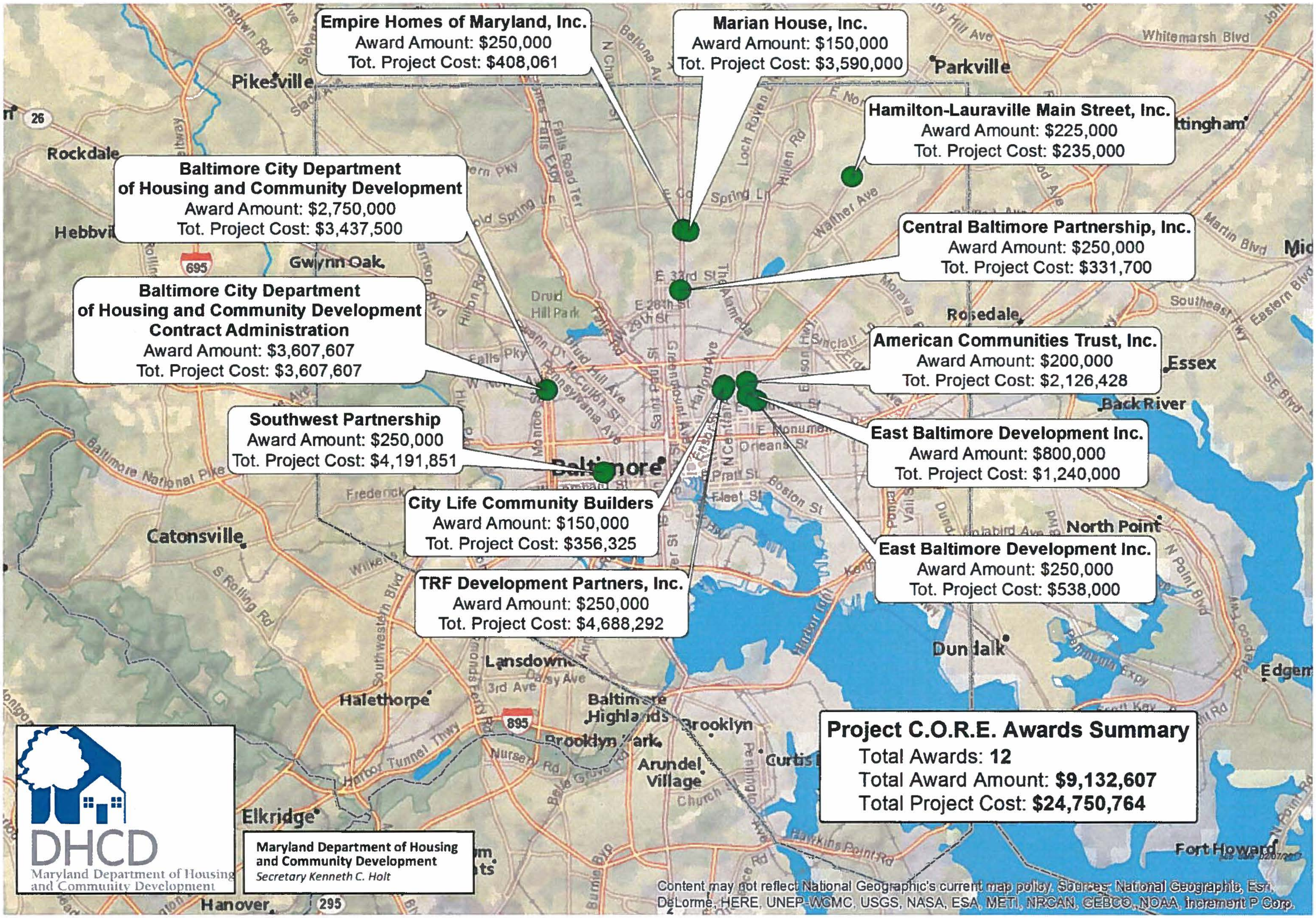
DHCD
Maryland Department of Housing and Community Development

Maryland Department of Housing and Community Development
Secretary Kenneth C. Holt

pub. date: 02/07/2017

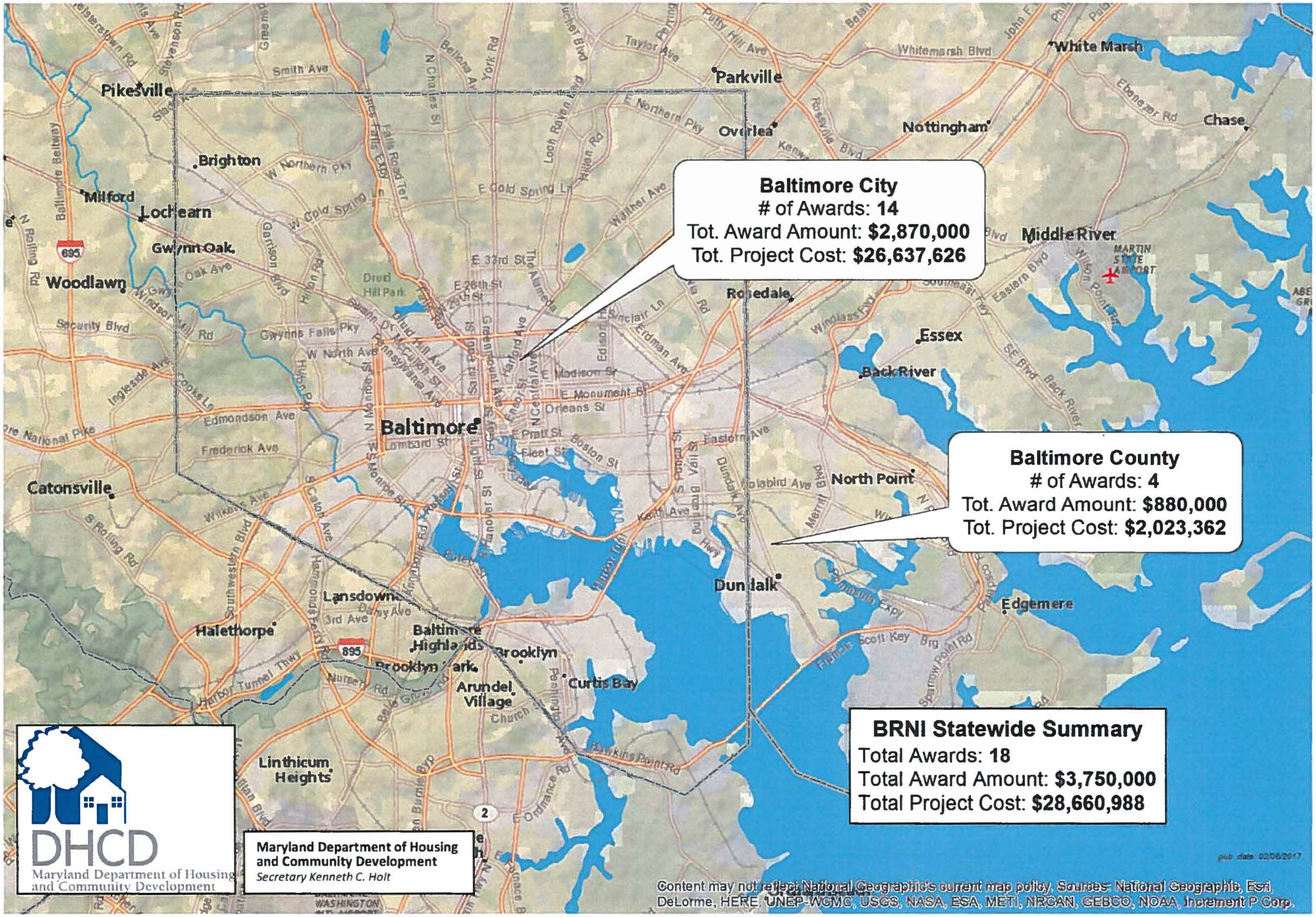
Project C.O.R.E Awards

FY 2016 Awards



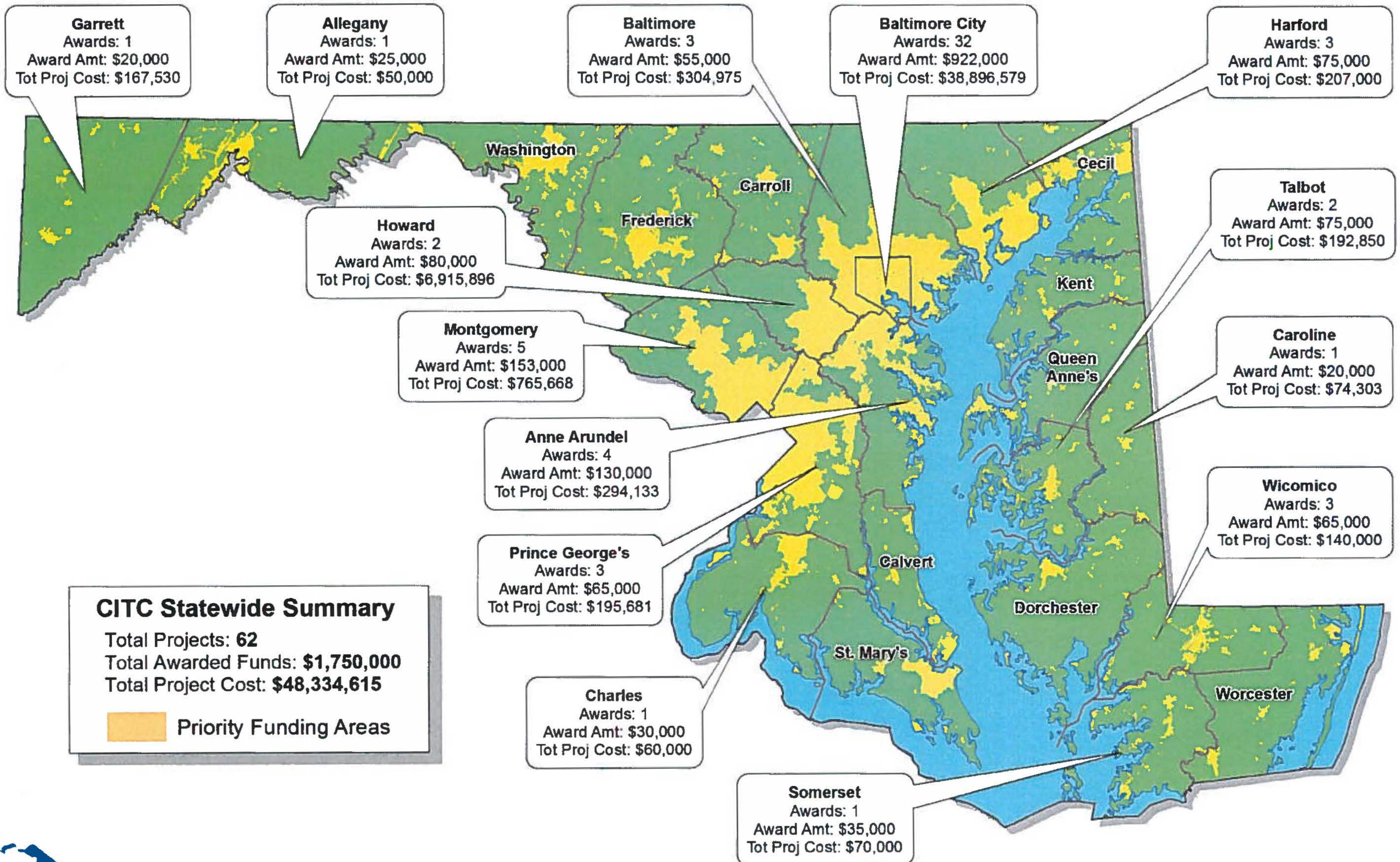
Baltimore Regional Neighborhoods Initiative (BRNI)

FY 2016 Awards



Community Investment Tax Credit Program

FY 2016: Awards by County



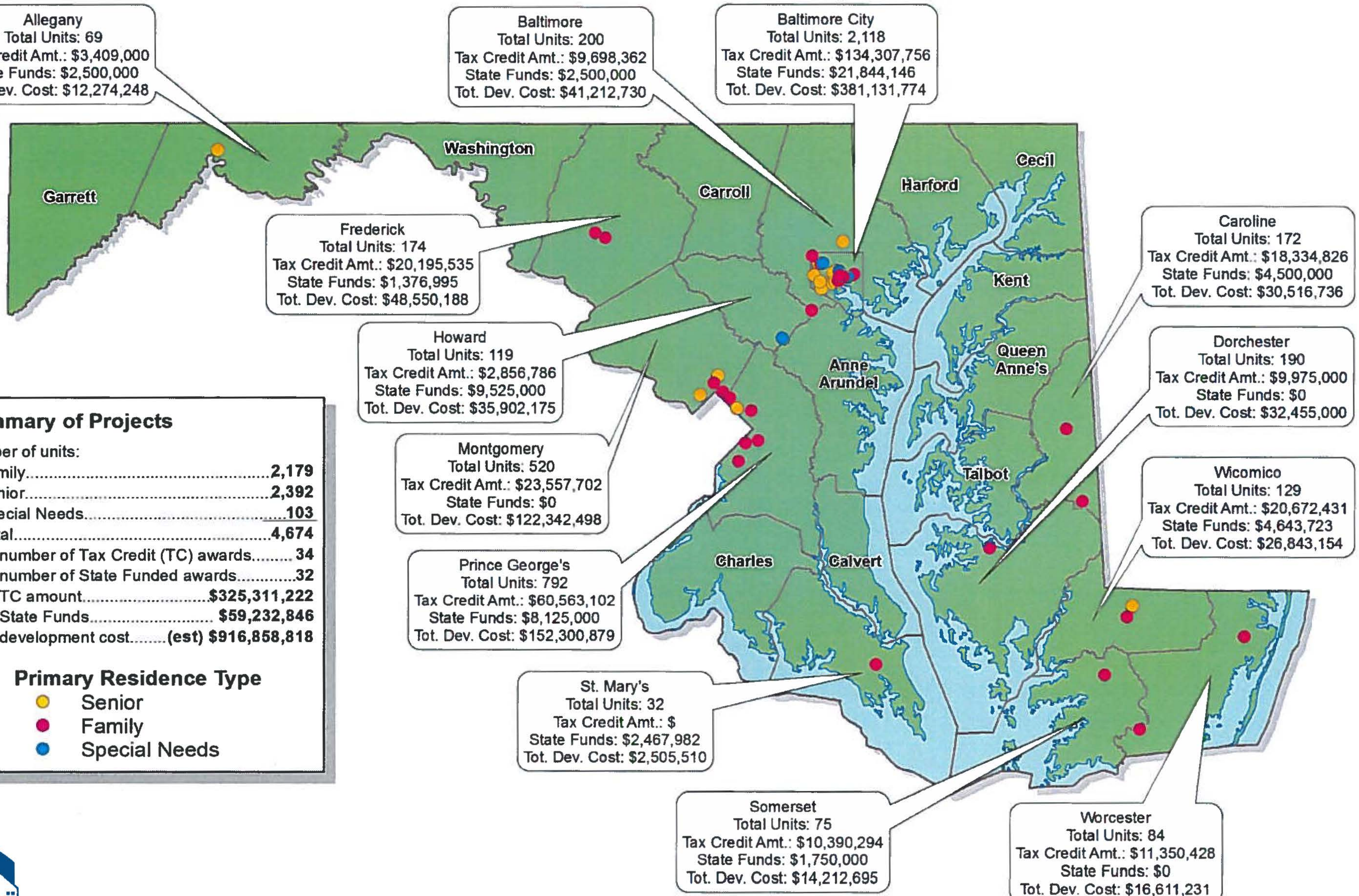
DHCD
Maryland Department of Housing and Community Development

Maryland Department of Housing and Community Development
Secretary Kenneth C. Holt

pub. date: 02/08/2017

Community Development Administration: Multfamily Projects

Reserved and Closed Projects by County: FY 2016



Summary of Projects

Number of units:	
Family	2,179
Senior	2,392
Special Needs	103
Total	4,674
Total number of Tax Credit (TC) awards	34
Total number of State Funded awards	32
Total TC amount	$325,311,222
Total State Funds	$59,232,846
Total development cost	(est) $916,858,818

Primary Residence Type

- Senior
- Family
- Special Needs

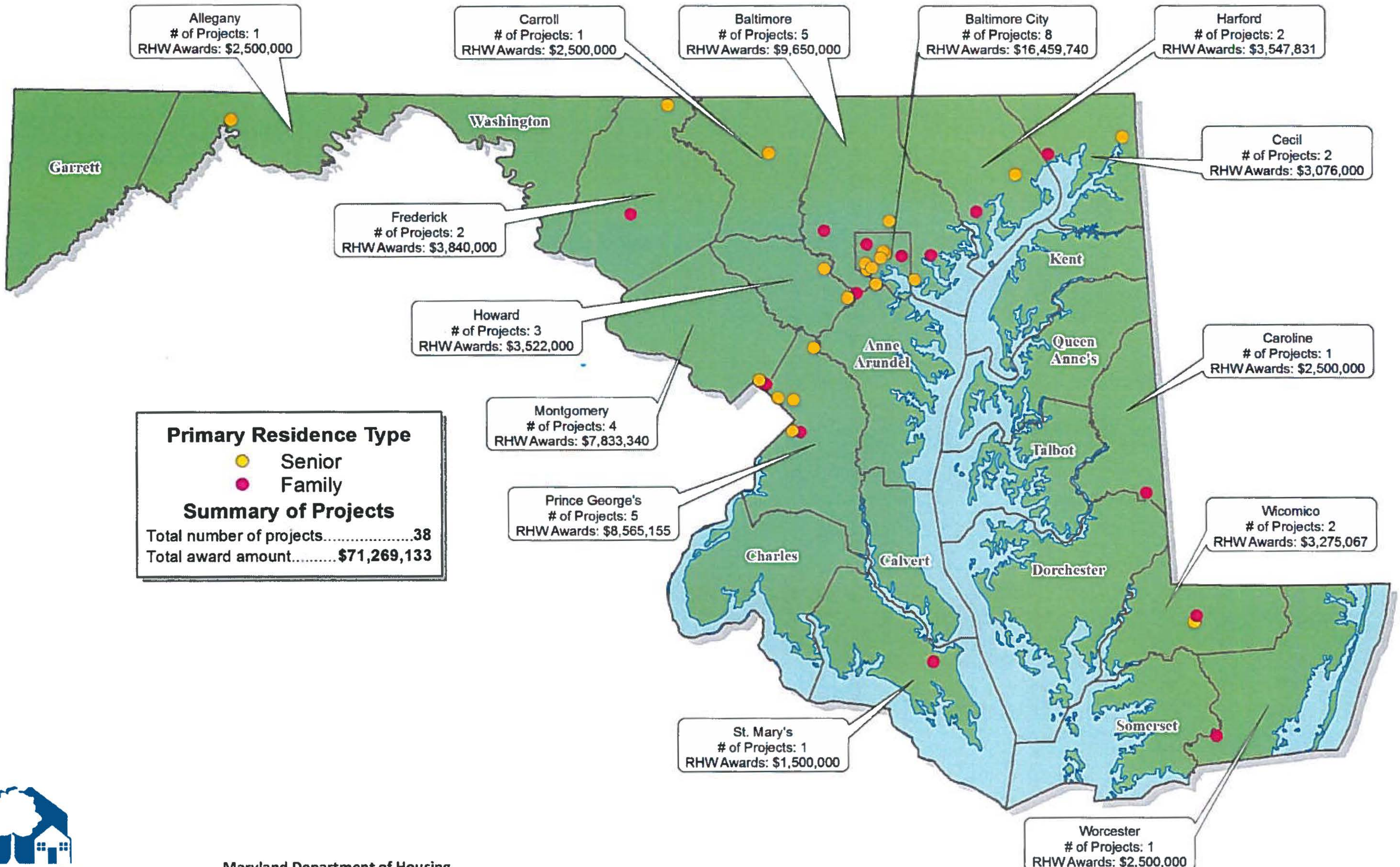
DHCD
Maryland Department of Housing and Community Development

Maryland Department of Housing and Community Development
Secretary Kenneth C. Holt

pub. date: 02/08/2017

Community Development Administration: Rental Housing Works (RHW)

by County: Inception to Present



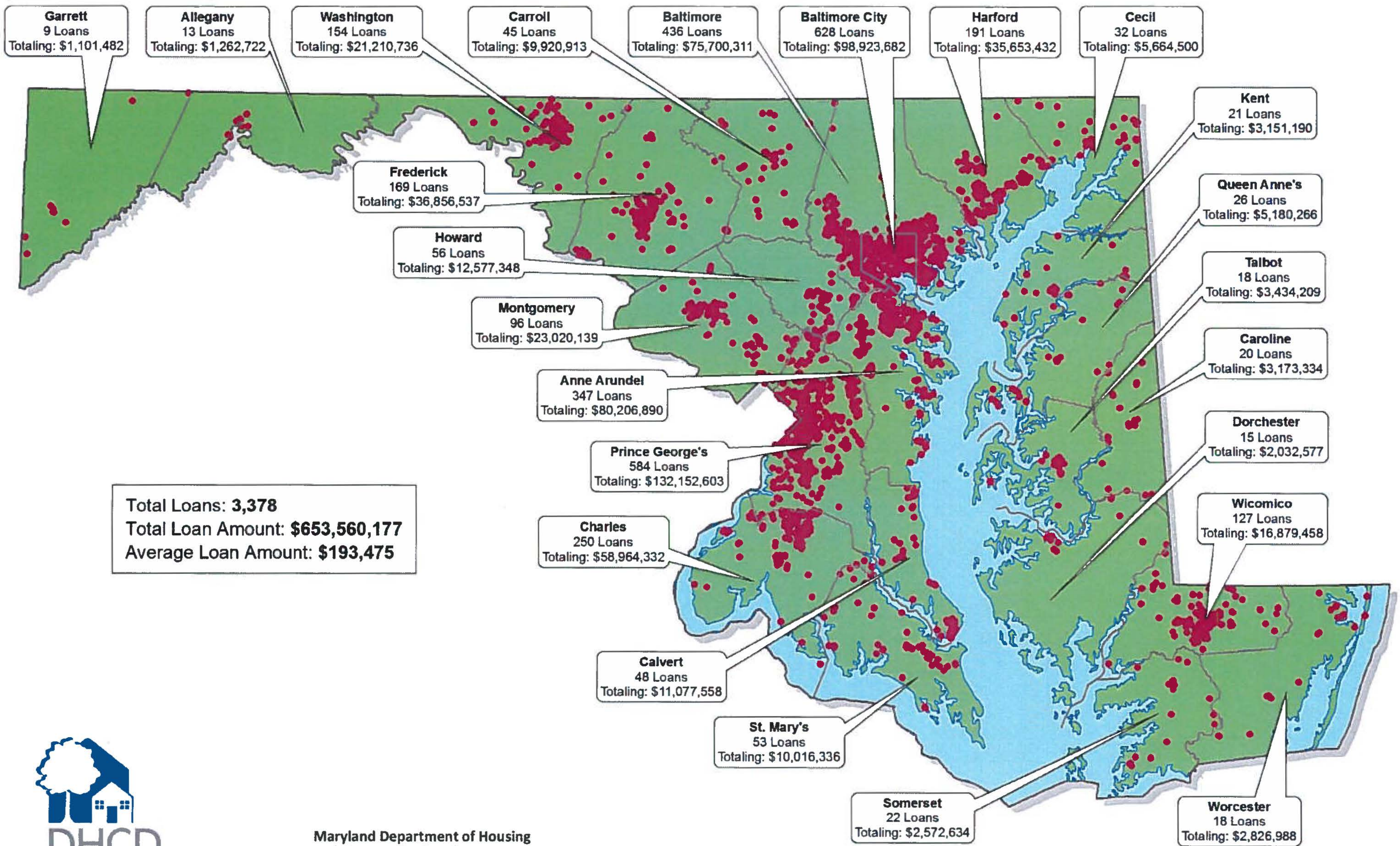
DHCD
Maryland Department of Housing and Community Development

Maryland Department of Housing and Community Development
Secretary Kenneth C. Holt

pub. date: 02/21/2016

CDA Maryland Mortgage Program

Loans purchased by Jurisdiction: *FY 2016*



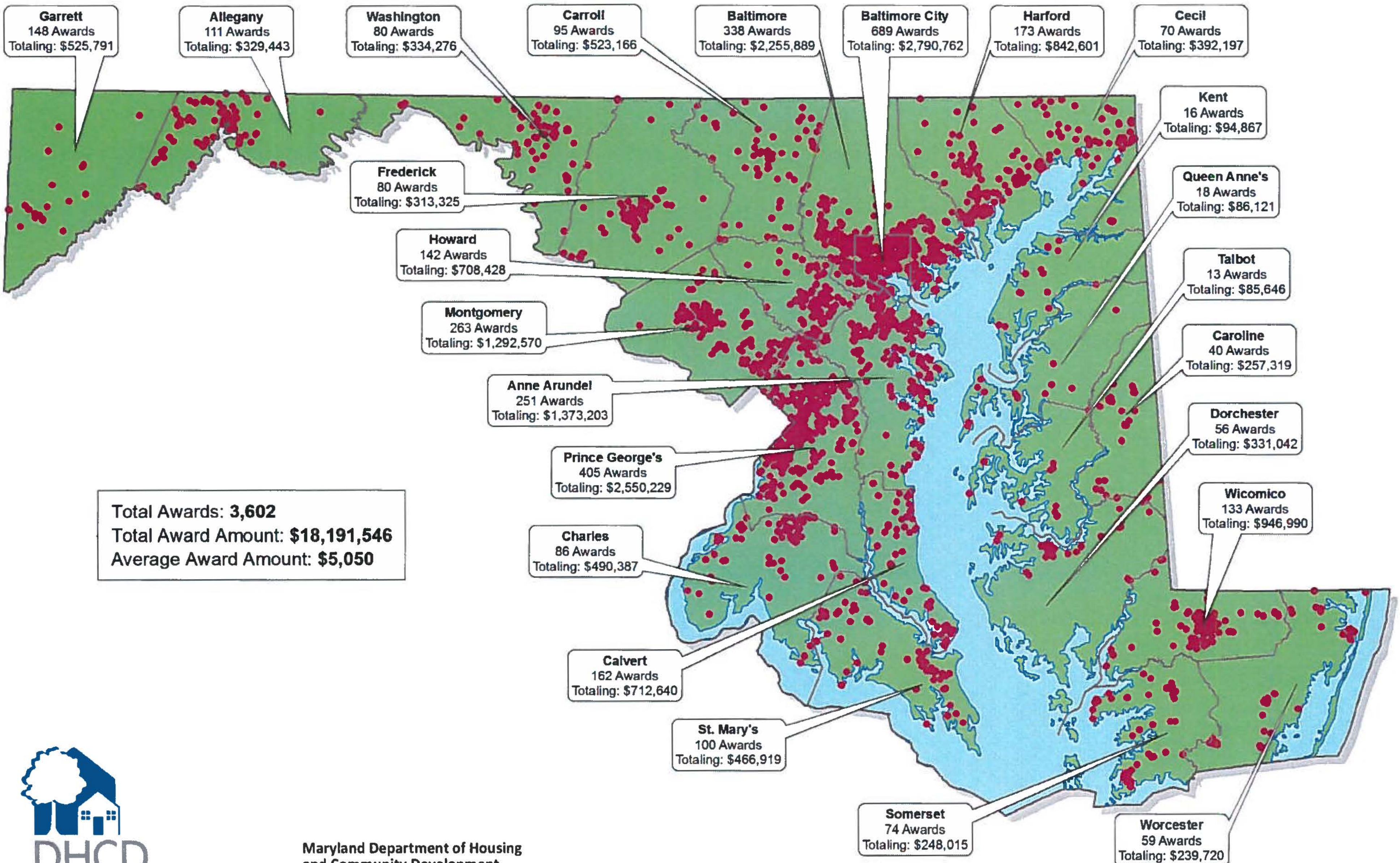
Total Loans: **3,378**
Total Loan Amount: **$653,560,177**
Average Loan Amount: **$193,475**

DHCD
Maryland Department of Housing and Community Development

Maryland Department of Housing and Community Development
Secretary Kenneth C. Holt

pub. date: 02/08/2017

Housing & Building Energy Programs
Single Family Weatherization and Energy Efficiency Programs
Awards by Jurisdiction: *FY 2016*



Total Awards: **3,602**
Total Award Amount: **$18,191,546**
Average Award Amount: **$5,050**

DHCD
Maryland Department of Housing and Community Development

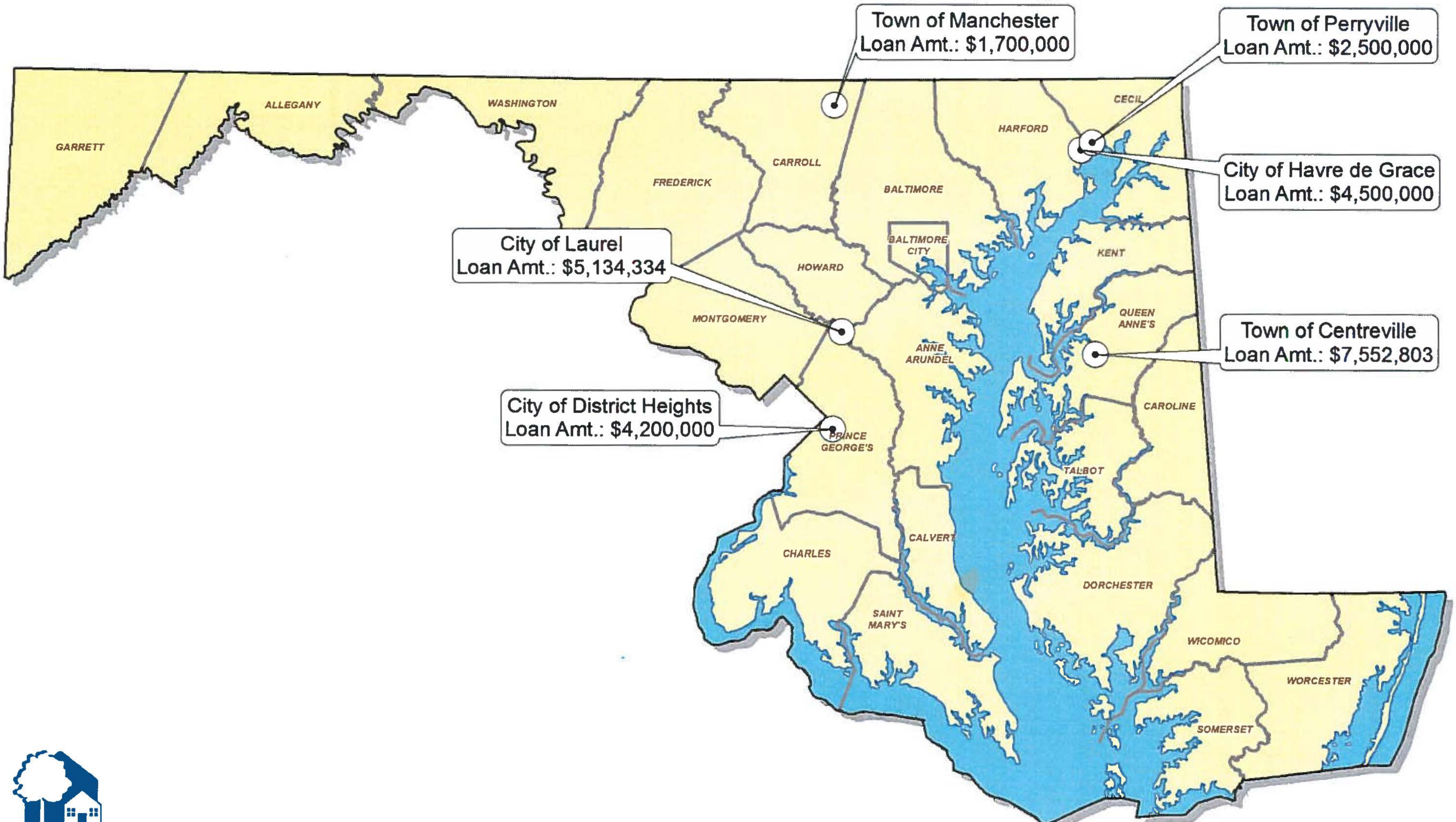
Maryland Department of Housing and Community Development
Secretary Kenneth C. Holt

pub. date: 02/13/2017

Local Government Infrastructure Finance Program

Participating Municipalities

2016 Series A Bond Issue



DHCD
Maryland Department of Housing and Community Development

Maryland Department of Housing and Community Development
Secretary Kenneth C. Holt

pub. date: 02/08/2017