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Department of Housing and Community Development

Fiscal Year 2027 Operating Budget

Response to Department of Legislative Services Analysis

House Appropriations
Health and Social Services Subcommittee
Delegate Emily Shetty, Chair

February 18, 2026

Senate Budget and Taxation
Health and Human Services Subcommittee
Senator Cory McCray, Chair

February 23, 2026

DLS Recommendations and DHCD Response

Operating Budget Summary

1. Modify contingent language on the general fund appropriation to more closely align with the applicable Budget Reconciliation and Financing Act provision.

Add the following language to the general fund appropriation: , provided that this appropriation shall be reduced by \$183,673 contingent upon enactment of legislation expanding the allowable uses of the Strategic Energy Investment Fund to include programs and applicable initiatives related to State climate change mitigation and climate change resiliency efforts

Explanation: This language adds specificity to contingent language on the general fund appropriation to more closely align with the applicable Budget Reconciliation and Financing Act provision.

Response: DHCD concurs with this recommendation.

2. Modify contingent language on the special fund appropriation to more closely align with the applicable Budget Reconciliation and Financing Act provision.

Add the following language to the special fund appropriation: , provided that \$191,321 of this appropriation is contingent upon enactment of legislation expanding the allowable uses of the Strategic Energy Investment Fund to include programs and applicable initiatives related to State climate change mitigation and climate change resiliency efforts

Explanation: This language adds specificity to contingent language on the special fund appropriation to more closely align with the applicable Budget Reconciliation and Financing Act provision.

Response: DHCD concurs with this recommendation.



Montgomery County Façade Program

3. DHCD should comment on the county's capacity to implement a much larger program in fiscal 2027 and any planned requirements regarding the timeline for the expenditure of funds provided to the county.

Response: Our partners in the Montgomery County Office of Housing and Community Affairs have always demonstrated significant expertise and ability to deploy DHCD revitalization awards. DHCD revitalization grant agreements allow a two-year time of performance.

4. DLS recommends reducing general funds to support Montgomery County façade programs by \$2.5 million. Funding can be fully or partially replaced with GO bonds. DHCD indicates that a portion of the \$3 million in the allowance is intended to support Montgomery County's operating costs; this recommendation would leave some funding in place for non-bond-eligible costs.

Response: DHCD respectfully disagrees with the recommendation to reduce this allocation. DHCD agrees that the funding could be partially replaced with GO bonds; however, leaving a portion of GF's in place for non-bond-eligible costs would be helpful to assist in the administration of the Program.

The major construction of the Purple Line in the inner beltway of Montgomery and Prince George's County has significantly disrupted access to small businesses along the corridor. Many of these legacy businesses serve a very diverse and lower income population. It is imperative to mitigate the financial impact of the disruption by assisting legacy business owners improve the physical condition and attractiveness of their properties. Montgomery County has a successful track record in deploying these funds and can expand the scope of impact with increased funds.



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Just Communities

5. DHCD should clarify what it means for projects in Just Communities to receive prioritization in programs that are first-ready, first-served.

Response:

For DHCD's first-ready, first served projects and programs in Just Communities eligible, prioritization means:

- Homeownership Programs - Maryland Mortgagee Program & SmartBuy
 - The training and business development teams will perform **additional outreach and marketing in the targeted census tracts.**
- Maryland Housing Counseling Fund
 - There is no scoring or incentives associated with this process; it is solely intended for information gathering and does not provide any additional benefits.
- NBW/ SSBCI
 - For NBW loans, projects located in a Just Community and/or ENOUGH areas will receive a **25 basis point** reduction for each.
 - NBW will commit to targeted outreach within all ENOUGH areas and Just Communities. This will involve outreach to both the business community and other lenders such as CDFIs.
 - For NBW grants, projects located in a Just Community and/or ENOUGH areas will receive **up to 2 bonus scoring points** for each (On a 1-5 scale for each criteria).
- Whole Home Energy and Repair
 - Programs will perform **targeted outreach for Just Communities census tracts.**
- Uplift
 - Eligible projects that overlap with Just Communities will have increased flexibility, including the **option to increase the number of units and the subsidy in a project, based on underwriting and financial feasibility.**

