

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

SUMMARY

The Department of Housing and Community Development has two programmatic units: Division of Neighborhood Revitalization and Division of Development Finance. The Department's FY 2008 - FY 2012 Capital Improvement Program provides financial assistance to local governments and private organizations to support these objectives. The Department's programs can be grouped into two general categories:

The Division of Neighborhood Revitalization provides technical and financial assistance to stabilize and revitalize existing neighborhoods. These programs include:

The Neighborhood Business Development Program, which funds community-based economic development activities in revitalization areas designated by local governments.

The Community Legacy Program, which provides financing to assist with the revitalization of neighborhoods that are at risk of physical, economic, or social deterioration.

The Community Development Block Grant Program, which provides grants to local governments in non-entitlement areas of the State for use in revitalizing neighborhoods, expanding affordable housing and economic opportunities, and/or improving community facilities and services.

The Division of Development Finance programs provide rental housing or homeownership opportunities for the elderly, the disabled, or people with limited income. These programs include:

The Rental Housing Programs, which rehabilitate and create new affordable housing for low-income individuals and families, moderate-income elderly residents, or special needs populations.

The Homeownership Programs, which provide below market interest rate mortgage loans with minimum down payments to low and moderate-income families.

The Partnership Rental Housing Program, which provides loans or grants to local governments or housing authorities to construct or rehabilitate rental housing for low income families.

The Shelter and Transitional Housing Facilities Grant Program, which provides grants to local governments and not-for-profit organizations to develop emergency shelters and transitional housing for homeless individuals and families.

The Special Loan Programs provide loans or grants for abatement of lead hazards; rehabilitation or installation of indoor plumbing; rehabilitation to create accessory, shared and sheltered housing facilities; rehabilitation to eliminate health, safety, and maintenance deficiencies in residential properties; and acquisition, construction, and modifications of group homes for low income, elderly, handicapped, disabled, or other citizens of Maryland with special housing needs.

CHANGES TO FY 2007 - FY 2011 CAPITAL IMPROVEMENT PROGRAM

Changes to FY 2008

None

Changes to FY 2009 - FY 2011

None

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FY 2008 - FY 2012 Capital Improvement Program

Grants and Loans

DIVISION OF NEIGHBORHOOD REVITALIZATION

Budget Code: SA24

Community Development Block Grant Program (Statewide) FY 2008 Total \$10,000

The Community Development Block Grant Program provides competitive grants to local governments in non-entitlement areas of the State for use in revitalizing neighborhoods, expanding affordable housing and economic opportunities, and/or improving community facilities and services. Non-entitlement areas are mainly rural areas of the State. Entitlement areas include Anne Arundel, Baltimore, Harford, Howard, Montgomery and Prince George's Counties and the cities of Annapolis, Baltimore, Bowie, Cumberland, Frederick, Gaithersburg, Hagerstown, and Salisbury. Entitlement areas receive a direct allocation from the U.S. Department of Housing and Urban Development (HUD) and are not eligible for the State program. Activities primarily benefit low and moderate-income persons. FY 2008 projects will be determined based on future applications received by DHCD.

<u>Source</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>TOTAL</u>
Federal Funds	10,000	9,000	9,000	9,000	9,000	46,000
TOTAL	10,000	9,000	9,000	9,000	9,000	46,000

Community Legacy Program (Statewide) FY 2008 Total \$8,000

The Community Legacy Program provides grants and loans to assist in the revitalization of neighborhoods that are at risk of physical, economic, or social deterioration. Priority is given to communities whose residents, businesses, and institutions are committed to revitalization and have demonstrated leadership ability. Funds may be used for capital improvements such as streetscape and facade improvements, recreational amenities, improvement of community gathering places, and other improvements to improve the desirability of the community. Fund recipients may be individuals and business owner-occupants, community development organizations, and local governments. FY 2008 projects will be determined based on future applications received by DHCD.

<u>Source</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>TOTAL</u>
General Funds	8,000	8,000	8,000	8,000	8,000	40,000
TOTAL	8,000	8,000	8,000	8,000	8,000	40,000

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Neighborhood Business Development Program (Statewide)

FY 2008 Total \$6,000

The Neighborhood Business Development Program (NBDP) provides grants and loans to fund community-based economic development activities in revitalization areas designated by local governments. The program provides gap financing to small businesses who are unable to finance 100% of a project's total costs through a traditional lender. The program leverages private and public capital by requiring a minimum 50% match from each grant or loan applicant. Borrowers must provide a 5% equity investment to receive a 15- to 30-year, competitively priced or deferred payment loan to pay for capital improvement costs or to pay for direct business functions such as working capital or capital equipment. FY 2008 projects will be determined based on future applications received by DHCD.

<u>Source</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>TOTAL</u>
Special Funds	6,000	6,000	6,000	7,000	7,000	32,000
TOTAL	6,000	6,000	6,000	7,000	7,000	32,000

Subtotals for Division of Neighborhood Revitalization

<u>Source</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>TOTAL</u>
General Funds	8,000	8,000	8,000	8,000	8,000	40,000
Special Funds	6,000	6,000	6,000	7,000	7,000	32,000
Federal Funds	10,000	9,000	9,000	9,000	9,000	46,000
TOTAL	24,000	23,000	23,000	24,000	24,000	118,000

DIVISION OF DEVELOPMENT FINANCE

Budget Code: SA25

Rental Housing Programs (Statewide)

FY 2008 Total \$16,750

The Rental Housing Programs provide low interest loans or deferred payment loans to housing developers for the financing of affordable rental housing developments. The programs include the Rental Housing Production Program, the Elderly Rental Housing Program, the Maryland Housing Rehabilitation Program, which includes housing of 5 or more units, the Non-Profit Rehabilitation Program, and the Office Space Conversion Program. The maximum loan amount is generally \$2,000,000, offered as low as 4% interest for as many as 40 years. The goal of the programs is to rehabilitate and create new affordable rental housing for low and moderate-income households. The FY 2008 projects will be determined on the basis of future applications received by DHCD.

<u>Source</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>TOTAL</u>
General Funds	2,608	6,050	5,900	7,000	7,000	28,558
Special Funds	9,392	7,950	7,900	8,350	8,350	41,942
Federal Funds	4,750	4,750	4,750	4,750	4,750	23,750
TOTAL	16,750	18,750	18,550	20,100	20,100	94,250

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Special Loan Programs (Statewide)

FY 2008 Total \$8,000

The Special Loan Programs include: the Maryland Housing Rehabilitation Program (1-4 units); Indoor Plumbing Program; Accessory, Shared and Sheltered Housing Program; Lead Hazard Reduction Grant and Loan Program; and the Group Home Financing Program. These programs provide preferred interest rate loans to low- and moderate-income families, sponsors of rental properties occupied primarily by limited income families, and non-profit sponsors of housing facilities, including group homes and shelters. Funds may be used to provide loans to acquire and rehabilitate existing residential properties for group homes or shelters, to eliminate residential properties' health, safety and maintenance deficiencies, and to ensure compliance with applicable housing codes and standards. The programs are designed to bring housing up to code and to remediate lead paint and asbestos that is present in the housing stock. Applicants are required to match up to 20% of the Lead Hazard Reduction Grants. FY 2008 projects will be determined based on future applications received by DHCD.

<u>Source</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>TOTAL</u>
General Funds	1,150	900	700	1,700	1,700	6,150
Special Funds	5,350	6,200	6,300	6,300	6,300	30,450
Federal Funds	1,500	1,500	1,500	1,500	1,500	7,500
TOTAL	8,000	8,600	8,500	9,500	9,500	44,100

Partnership Rental Housing Program (Statewide)

FY 2008 Total \$8,000

The Partnership Rental Housing Program provides deferred payment loans to local governments to construct or rehabilitate rental housing to be occupied by households with incomes of 50% of the Statewide median income or less. Repayment is not required as long as the local government continues to own and lease the housing to income eligible households. The loan amount is generally limited to \$75,000 per housing unit, but may be increased to \$85,000 per housing unit in certain circumstances. The goal of the program is to expand the supply of affordable housing for low-income households through a partnership between the State and local governments. FY 2008 projects will be determined based on future applications received by DHCD.

<u>Source</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>TOTAL</u>
GO Bonds	6,000	6,000	6,000	7,000	7,000	32,000
Special Funds	2,000	-	-	-	-	2,000
TOTAL	8,000	6,000	6,000	7,000	7,000	34,000

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Homeownership Programs (Statewide)

FY 2008 Total \$7,600

The Homeownership Programs provide below market interest rate mortgage loans to first time homebuyers who lack the resources to purchase a home. The programs include the Down Payment and Settlement Expense Loan Program (DSELP), which provides funds for down payment and settlement expenses, and the Maryland Home Financing Program (MHFP), which makes direct loans to households to purchase homes. The maximum loan amounts are: (1) \$5,000 for DSELP which is offered as a zero percent deferred loan due at the earlier of maturity or prepayment of the first mortgage, sale or transfer of the property or default; and (2) up to 100% of the lesser of the purchase price or appraised value for MHFP, and may be offered at an interest rate as low as zero percent for a term not to exceed 40 years. The goal of the program is to encourage innovative development of affordable home ownership opportunities in Maryland. FY 2008 projects will be determined on the basis of future applications to DHCD.

<u>Source</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>TOTAL</u>
General Funds	-	900	700	650	1,000	3,250
Special Funds	7,500	7,500	7,500	8,000	8,000	38,500
Federal Funds	100	100	100	100	100	500
TOTAL	7,600	8,500	8,300	8,750	9,100	42,250

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Shelter and Transitional Housing Facilities Grant Program (Statewide)

FY 2008 Total **\$1,000**

The Shelter and Transitional Housing Facilities Grant Program provides grants to local governments and nonprofit organizations in order to develop emergency shelters and transitional housing for homeless individuals and families. Grantees use the funds to acquire, design, construct, renovate, and equip projects for which loan financing is not feasible. Funding is generally limited to 50% of a project's cost. FY 2008 projects will be determined based on future applications received by DHCD.

<u>Source</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>TOTAL</u>
GO Bonds	1,000	1,000	1,000	1,000	1,000	5,000
TOTAL	1,000	1,000	1,000	1,000	1,000	5,000

Subtotals for Division of Development Finance

<u>Source</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>TOTAL</u>
GO Bonds	7,000	7,000	7,000	8,000	8,000	37,000
General Funds	3,758	7,850	7,300	9,350	9,700	37,958
Special Funds	24,242	21,650	21,700	22,650	22,650	112,892
Federal Funds	6,350	6,350	6,350	6,350	6,350	31,750
TOTAL	41,350	42,850	42,350	46,350	46,700	219,600

Subtotals for Grants and Loans

<u>Source</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>TOTAL</u>
GO Bonds	7,000	7,000	7,000	8,000	8,000	37,000
General Funds	11,758	15,850	15,300	17,350	17,700	77,958
Special Funds	30,242	27,650	27,700	29,650	29,650	144,892
Federal Funds	16,350	15,350	15,350	15,350	15,350	77,750
TOTAL	65,350	65,850	65,350	70,350	70,700	337,600

Total Program - Department of Housing and Community Development

<u>Source</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>TOTAL</u>
GO Bonds	7,000	7,000	7,000	8,000	8,000	37,000
General Funds	11,758	15,850	15,300	17,350	17,700	77,958
Special Funds	30,242	27,650	27,700	29,650	29,650	144,892
Federal Funds	16,350	15,350	15,350	15,350	15,350	77,750
TOTAL	65,350	65,850	65,350	70,350	70,700	337,600