

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 Capital Improvement Program provides financial assistance to local governments and private organizations to support the objectives listed below. 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 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 Community Legacy Program, which provides financing to assist with the revitalization of neighborhoods that are at risk of physical, economic, or social deterioration.

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

The Division of Development Finance provides programs to promote 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 Special Loan Programs, which 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.

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 nonprofit organizations to develop emergency shelters and transitional housing for homeless individuals and families.

CHANGES TO FY 2008 - FY 2012 CAPITAL IMPROVEMENT PROGRAM

Changes to FY 2009

None

Changes to FY 2010 - FY 2012

None

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FY 2009 - FY 2013 Capital Improvement Program

Grants and Loans

DIVISION OF NEIGHBORHOOD REVITALIZATION

Budget Code: SA24

Community Development Block Grant Program (Statewide) FY 2009 Total **\$9,000**

The Community Development Block Grant Program provides competitive federally funded 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 2009 projects will be determined based on future applications received by DHCD.

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>TOTAL</u>
Federal Funds	9,000	9,000	9,000	9,000	9,000	45,000
TOTAL	9,000	9,000	9,000	9,000	9,000	45,000

Community Legacy Program (Statewide) FY 2009 Total **\$6,500**

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. Funding for grant activities is awarded through a competitive process. FY 2009 projects will be determined based on future applications received by DHCD.

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>TOTAL</u>
General Funds	6,500	6,500	6,500	6,500	6,500	32,500
TOTAL	6,500	6,500	6,500	6,500	6,500	32,500

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Neighborhood Business Development Program (Statewide) FY 2009 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 that 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 2009 projects will be determined based on future applications received by DHCD.

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>TOTAL</u>
General Funds	-	1,000	1,200	1,500	1,300	5,000
Special Funds	6,000	5,000	4,800	4,500	4,700	25,000
TOTAL	6,000	6,000	6,000	6,000	6,000	30,000

Subtotals for Division of Neighborhood Revitalization

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>TOTAL</u>
General Funds	6,500	7,500	7,700	8,000	7,800	37,500
Special Funds	6,000	5,000	4,800	4,500	4,700	25,000
Federal Funds	9,000	9,000	9,000	9,000	9,000	45,000
TOTAL	21,500	21,500	21,500	21,500	21,500	107,500

DIVISION OF DEVELOPMENT FINANCE

Budget Code: SA25

Rental Housing Programs (Statewide) FY 2009 Total **\$20,250**

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 – Multifamily, which includes rental housing of 5 or more units, and the Nonprofit Rehabilitation Program. The maximum loan amount is generally \$2,000,000, with an interest rate as low as 4% 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. FY 2009 projects will be determined on the basis of future applications received by DHCD.

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>TOTAL</u>
General Funds	2,850	8,500	8,350	8,050	7,850	35,600
Special Funds	12,650	7,000	7,150	7,450	7,650	41,900
Federal Funds	4,750	4,750	4,750	4,750	4,750	23,750
TOTAL	20,250	20,250	20,250	20,250	20,250	101,250

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Special Loan Programs (Statewide)	FY 2009 Total	\$9,500
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Special Loan Programs include: the Federal HOME Investment Partnerships Program; Maryland Housing Rehabilitation Program; Indoor Plumbing Program; Lead Hazard Reduction Grant and Loan Program; and the Group Home Financing Program. These programs provide preferred-interest-rate loans and grants to low- and moderate-income families, sponsors of rental properties occupied primarily by limited income families, and nonprofit sponsors of housing facilities, including group homes. 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 hazards that are present in the housing stock. Applicants are required to match up to 20% of the Lead Hazard Reduction Grants. FY 2009 projects will be determined based on future applications received by DHCD.

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>TOTAL</u>
General Funds	1,300	2,000	1,700	1,600	1,400	8,000
Special Funds	6,700	6,000	6,300	6,400	6,600	32,000
Federal Funds	1,500	1,500	1,500	1,500	1,500	7,500
TOTAL	9,500	9,500	9,500	9,500	9,500	47,500

Homeownership Programs (Statewide)	FY 2009 Total	\$8,600
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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) \$3,500 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 is available to borrowers who are purchasing a home with a purchase price of \$175,000 or less; (2) up to \$10,000 through a Partner Match Initiative Program that includes House Keys 4 Employees (HK4E), Builder/Developer Incentive Program (BDIP) and the Community Partner Incentive Program (CPIP); and (3) up to 100% of the lesser of the purchase price or appraised value for the 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 homeownership opportunities in Maryland. FY 2009 projects will be determined on the basis of future applications to DHCD.

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>TOTAL</u>
General Funds	900	1,800	1,550	1,250	1,050	6,550
Special Funds	7,600	6,700	6,950	7,250	7,450	35,950
Federal Funds	100	100	100	100	100	500
TOTAL	8,600	8,600	8,600	8,600	8,600	43,000

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Partnership Rental Housing Program (Statewide)

FY 2009 Total \$6,000

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 2009 projects will be determined based on future applications received by DHCD.

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>TOTAL</u>
GO Bonds	6,000	6,000	7,000	7,000	7,000	33,000
TOTAL	6,000	6,000	7,000	7,000	7,000	33,000

Shelter and Transitional Housing Facilities Grant Program (Statewide)

FY 2009 Total \$1,500

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 2009 projects will be determined based on future applications received by DHCD.

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>TOTAL</u>
GO Bonds	1,500	1,500	1,500	1,500	1,500	7,500
TOTAL	1,500	1,500	1,500	1,500	1,500	7,500

Subtotals for Division of Development Finance

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>TOTAL</u>
GO Bonds	7,500	7,500	8,500	8,500	8,500	40,500
General Funds	5,050	12,300	11,600	10,900	10,300	50,150
Special Funds	26,950	19,700	20,400	21,100	21,700	109,850
Federal Funds	6,350	6,350	6,350	6,350	6,350	31,750
TOTAL	45,850	45,850	46,850	46,850	46,850	232,250

Subtotals for Grants and Loans

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>TOTAL</u>
GO Bonds	7,500	7,500	8,500	8,500	8,500	40,500
General Funds	11,550	19,800	19,300	18,900	18,100	87,650
Special Funds	32,950	24,700	25,200	25,600	26,400	134,850
Federal Funds	15,350	15,350	15,350	15,350	15,350	76,750
TOTAL	67,350	67,350	68,350	68,350	68,350	339,750

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Total Program - Department of Housing and Community Development

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>TOTAL</u>
GO Bonds	7,500	7,500	8,500	8,500	8,500	40,500
General Funds	11,550	19,800	19,300	18,900	18,100	87,650
Special Funds	32,950	24,700	25,200	25,600	26,400	134,850
Federal Funds	15,350	15,350	15,350	15,350	15,350	76,750
TOTAL	67,350	67,350	68,350	68,350	68,350	339,750