

State of Maryland

Bond Bill Fact Sheet

1. Senate Bill #	House Bill #	2. Name of Bill	
SB787	HB1584	Creation of a State Debt - Baltimore City - Belair-Edison Foreclosure Initiative	
3. Senate Bill Sponsors		House Bill Sponsors	
Senator McFadden			
4. Jurisdiction (County or Baltimore City)		5. Requested Amount	
Baltimore City		\$200,000	
6. Purpose of Bill			
Authorizing the creation of a State debt, the proceeds to be used as a grant to the Board of Directors of Belair - Edison Neighborhoods, Inc. for the acquisition, planning, design, repair, renovation, and reconstruction of residential properties in the Belair and Edison areas of Baltimore City.			
7. Matching Fund Requirements			
Prior to the payment of any funds, the grantee shall provide and expend a matching fund. No part of the fund may consist of real property or in kind contributions. The fund may consist of funds expended prior to the effective date of this Act.			
8. Special Provisions			
None			
9. Description and Purpose of Grantee Organization			
The mission of Belair-Edison Neighborhoods, Inc. (BENI) is to create an environment in which residents and merchants are confident to invest their time, effort, and money. The goals are to 1) strengthen the commercial and residential real estate markets, 2) improve the physical conditions of public and private property, 3) create a positive image inside and outside the community, and 4) build the self-management capacity and social fabric of residents and business owners.			

10. Description and Purpose of Project

An important objective of Belair-Edison's revitalization efforts has been to ensure that foreclosed and at-risk properties, in this otherwise healthy neighborhood, are rehabilitated to high standards and sold to owner occupants. HUD's Teacher/Officer Next Door Program in combination with Healthy Neighborhood loans provides an excellent remedy for some of these properties. Unfortunately, the teacher demand does not meet the supply of HUD houses. We have launched this initiative because the number of foreclosures in Belair-Edison has not yet dissipated and investor activity is rampant. More remedies are needed to enable owner occupants to purchase these properties and end the cycle of foreclosures.

Belair-Edison's Healthy Neighborhoods Initiative began at around the same time that predatory lending and flipping were exposed. While we knew that it would take several years for all the bad loans to cycle to the foreclosure stage, we did not anticipate a number of factors that would prevent rapid restoration of the health of the neighborhood. One factor was HUD's termination of the Teacher/Officer Next Door Program for one year (2002-2003). Another was the attractiveness of Baltimore to investors from all over looking to make quick profits renting or flipping houses. Another is the sheer number of bad loans that were made in Belair-Edison.

BENI tracks auction notices, which indicate foreclosure activity. The numbers follow:

1993 - 64	1996 - 151	1999 - 300	2002 - 286
1994 - 85	1997 - 238	2000 - 221	2003 - 265
1995 - 139	1998 - 221	2001 - 299	2004 - 261

In November 2004 BENI convened a group to find viable solutions to the foreclosure problem. The group includes representatives from St. Ambrose, the Department of Housing and Community Development, HUD, Healthy Neighborhoods, Bradford Bank, the Community Development Financing Corporation, Faith Fund, The Abell Foundation, The Goldseker Foundation, Baltimore Neighborhood Collaborative, the Baltimore Community Foundation, Patterson Park CDC, Community Law Center, and Senator Mikulski's office. The talent and energy of this group has yielded the initial steps of a comprehensive plan.

Participants have formed three working committees around Prevention/Intervention, Development, and Advocacy. On the development front, our nonprofit partner, St. Ambrose Housing Aid Center, will purchase and rehabilitate foreclosed properties that will be sold to owner occupants. However, the purchase and rehabilitation cost per unit generally exceeds the after rehab market value by an average of \$20,000. We propose to use bond money to meet fill half (\$10,000) the gap on twenty properties.

Round all amounts to the nearest \$1,000. The totals in Items 11 (Estimated Capital Costs) and 12 (Proposed Funding Sources) must match. The proposed funding sources must not include the value of real property unless an equivalent value is shown under Estimated Capital Costs.

11. Estimated Capital Costs

Acquisition	200,000
Design	
Construction	200,000
Equipment	
Total	400,000

12. Proposed Funding Sources – (List all funding sources and amounts.)

24. Impact of Project on Staffing and Operating Cost at Project Site			
Current # of Employees	Projected # of Employees	Current Operating Budget	Projected Operating Budget
7	7	\$400,000	\$400,000
25. Ownership of Property (Info Requested by Treasurer's Office for bond issuance purposes)			
A. Will the grantee own or lease the property to be improved?			own
B. If owned, does the grantee plan to sell within 15 years?			yes
C. Does the grantee intend to lease any portion of the property to others?			no
D. If property is owned by grantee and any space is to be leased, provide the following:			
Lessee	Terms of Lease	Cost Covered by Lease	Square Footage Leased
E. If property is leased by grantee – Provide the following:			
Name of Leaser	Length of Lease	Options to Renew	
26. Building Square Footage:			
Current Space GSF			
Space to Be Renovated GSF	Approximately 1,300 square feet		
New GSF			
27. Year of Construction of Any Structures Proposed for Renovation, Restoration or Conversion			
28. Comments:			
<p>Belair-Edison Neighborhoods, Inc. (BENI) is undertaking this project in partnership with St. Ambrose Housing Aid Center, a reputable nonprofit developer. The project has the support of Baltimore City DHCD, leading foundations, and several banks. BENI's role will be to identify key foreclosed houses for acquisition and rehabilitation by St. Ambrose. Key properties are those on otherwise healthy blocks where there is presently a high rate of homeownership. St. Ambrose will rehabilitate the houses to high standards for sale to owner-occupants. BENI will use various means to market available houses to prospective homebuyers. BENI will provide homeownership counseling and assist buyers in obtaining favorable mortgage financing.</p>			