SA00
Department of Housing and Community Development – Capital

Capital Budget Summary

Grant and Loan *Capital Improvement Program*
($ in Millions)

Program	2018 Approp.	2019 Approp.	2020 Request	2021 Estimate	2022 Estimate	2023 Estimate	2024 Estimate
Rental Housing Program	$41.000	$45.000	$48.000	$46.000	$46.000	$46.000	$46.000
Special Loan Programs	9.400	9.400	11.300	10.400	10.400	10.400	10.400
Community Development Block Grant Program	9.000	9.000	9.000	9.000	9.000	9.000	9.000
Housing and Building Energy Programs	11.150	10.050	10.050	10.050	10.050	10.050	10.050
Homeownership Programs	10.340	13.500	23.000	19.000	19.000	19.000	19.000
Partnership Rental Housing Program	6.000	6.000	6.000	6.000	6.000	6.000	6.000
Community Legacy Program	6.000	8.000	6.000	6.000	6.000	6.000	6.000
Neighborhood Business Development Program	5.000	5.500	12.200	10.200	10.200	10.200	11.700
Shelter and Transitional Housing Facilities Grant Program	3.000	3.000	4.000	3.000	3.000	3.000	3.000
Strategic Demolition and Smart Growth Impact Fund	25.625	28.500	24.250	13.500	13.500	13.500	0.000

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Program	2018 Approp.	2019 Approp.	2020 Request	2021 Estimate	2022 Estimate	2023 Estimate	2024 Estimate
Baltimore Regional Neighborhoods Initiative	8.000	8.000	12.000	12.000	12.000	3.000	3.000
MD BRAC Preservation Loan Fund	0.000	2.500	0.000	0.000	0.000	0.000	0.000
Seed Community Development Anchor Institution Fund	0.000	4.000	5.000	5.000	5.000	0.000	0.000
Local Government Infrastructure Fund	0.000	0.000	9.680	9.180	10.180	8.180	9.180
National Capital Strategic Economic Development Fund	0.000	1.000	0.000	0.000	0.000	0.000	0.000
Total	**$134.515**	**$153.450**	**$180.480**	**$159.330**	**$160.330**	**$144.330**	**$133.330**

Fund Source	2018 Approp.	2019 Approp.	2020 Request	2021 Estimate	2022 Estimate	2023 Estimate	2024 Estimate
PAYGO GF	$0.000	$9.000	$23.000	$9.000	$9.000	$0.000	$0.000
PAYGO SF	33.790	33.450	55.950	34.450	34.450	34.450	34.450
PAYGO FF	16.800	16.200	16.200	16.200	16.200	16.200	16.200
GO Bonds	83.925	94.800	85.330	99.680	100.680	93.680	82.680
Total	**$134.515**	**$153.450**	**$180.480**	**$159.330**	**$160.330**	**$144.330**	**$133.330**

FF: federal funds
GF: general funds
GO: general obligation
MD BRAC: Maryland Base Realignment and Closure
PAYGO: pay-as-you-go
SF: special funds

Key Observations

Compared to the fiscal 2019 funding level, the department's fiscal 2020 budget increases by $28 million to $180.5 million for all fund sources. A significant component of the increase is driven by one-time special funds available from the Office of Attorney General's (OAG) mortgage services settlement with Bank of America in the amount of $22 million.

Overall, for the four years that the 2019 session and 2018 session *Capital Improvement Programs* (CIP) overlap (fiscal 2020 through 2023), the Department of Housing and Community Development (DHCD) programs are scheduled to receive $171.5 million more in the 2019 CIP.

The other driver of DHCD funding increases is the department's plan to use its programs to drive investments to Opportunity Zones, a federal program that provides tax breaks for investments in designated census tracts.

Summary of Recommended PAYGO Actions

1. Concur with Governor's allowance.

Summary of Recommended Bond Actions

		Funds
1.	Community Legacy Program	
	Approve funding for the Community Legacy Program.	
2.	Neighborhood Business Development Program	-$8,000,000 GO
	Delete funding for the Neighborhood Business Works Program.	
3.	Strategic Demolition and Smart Growth Impact Fund	-$13,850,000 GO
	Delete funding for the Strategic Demolition and Smart Growth Impact Fund.	
4.	Homeownership Programs	-$7,800,000 GO
	Delete funding for Homeownership Programs.	

5. Housing and Building Energy Programs

   Approve funding for Housing and Building Energy Programs.

6. Local Government Infrastructure Fund -$9,680,000 GO

   Delete funding for the Local Government Infrastructure Fund.

7. Partnership Rental Housing Program -$2,550,000 GO

   Reduce funding for Partnership Rental Housing Program.

8. Rental Housing Program -$25,000,000 GO

   Delete funding for the Rental Housing Program.

9. Shelter and Transitional Housing Facilities Grant Program

   Approve funding for the Shelter and Transitional Housing Facilities Grant Program.

10. Special Loan Programs

    Approve funding for Special Loan Programs.

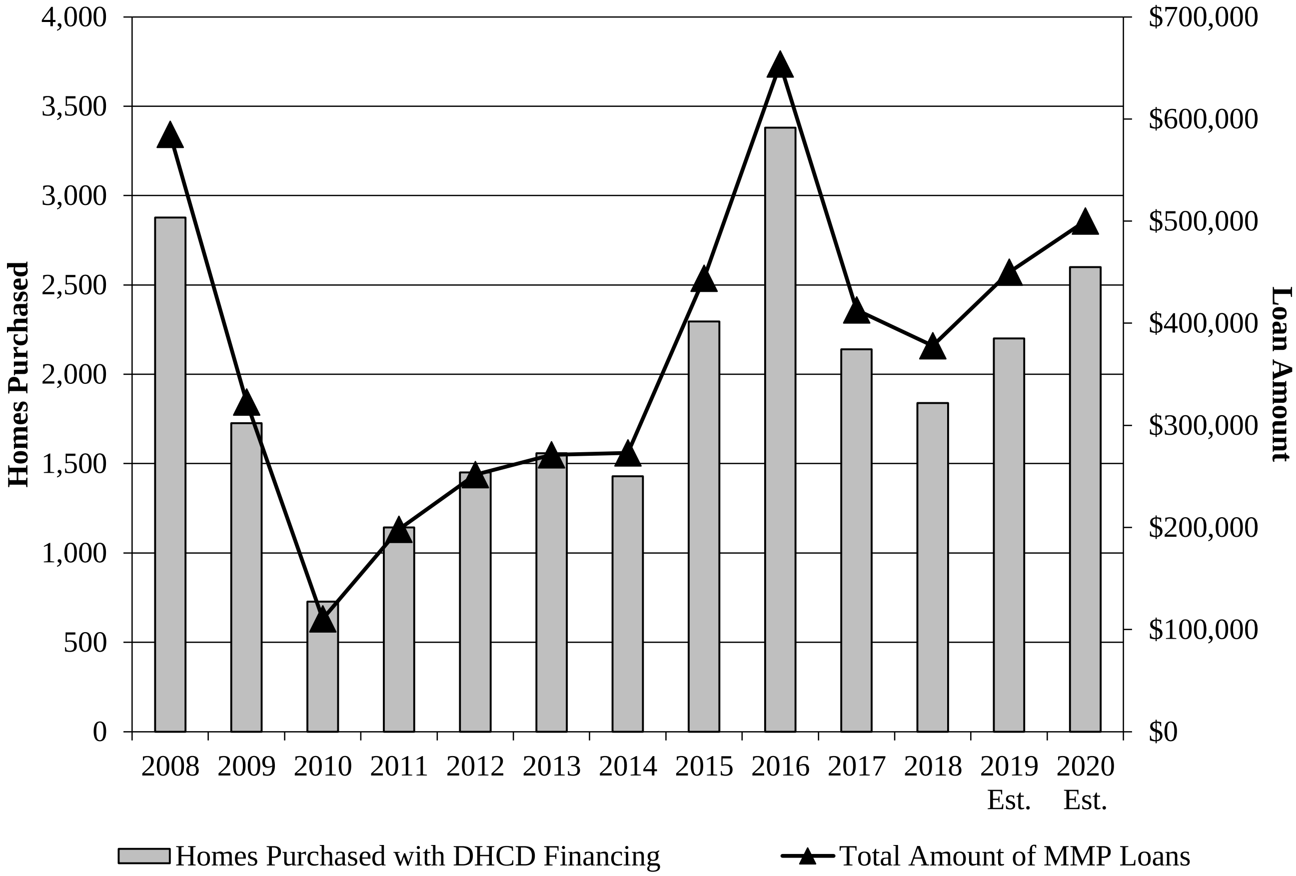
Total General Obligation Reductions/Additions -$66,880,000

Performance Measures and Outputs

Homeownership Assistance Declines

One of DHCD's main objectives is to help low- and moderate-income residents purchase homes. The Maryland Mortgage Program (MMP) and the Down Payment and Settlement Expense Loan Program (DSELP) are essential components of DHCD's homeownership efforts. **Exhibit 1** shows the large spike in the number of DSELP and MMP loans in fiscal 2015 and 2016, followed by a 37% drop-off in fiscal 2017 and another 14% decline in fiscal 2018. The department attributes this to increased mortgage rates, a lower inventory of affordable homes, and a slow pace of home sales. Additionally, there was $6.55 million more in the Homeownership Programs in fiscal 2016 compared to fiscal 2017. Fiscal 2016 also included the use of funds from Baltimore City and Prince George's County to enhance DSELP efforts in those jurisdictions. The department notes that fiscal 2019 volume of loan reservations is 30% to 40% higher year over year. Homeownership funding increases significantly in the fiscal 2020 budget and is discussed further later in this analysis.

Exhibit 1
Homeownership Assistance
Fiscal 2008-2020 Est.
($ in Thousands)



DHCD: Department of Housing and Community Development
MMP: Maryland Mortgage Program

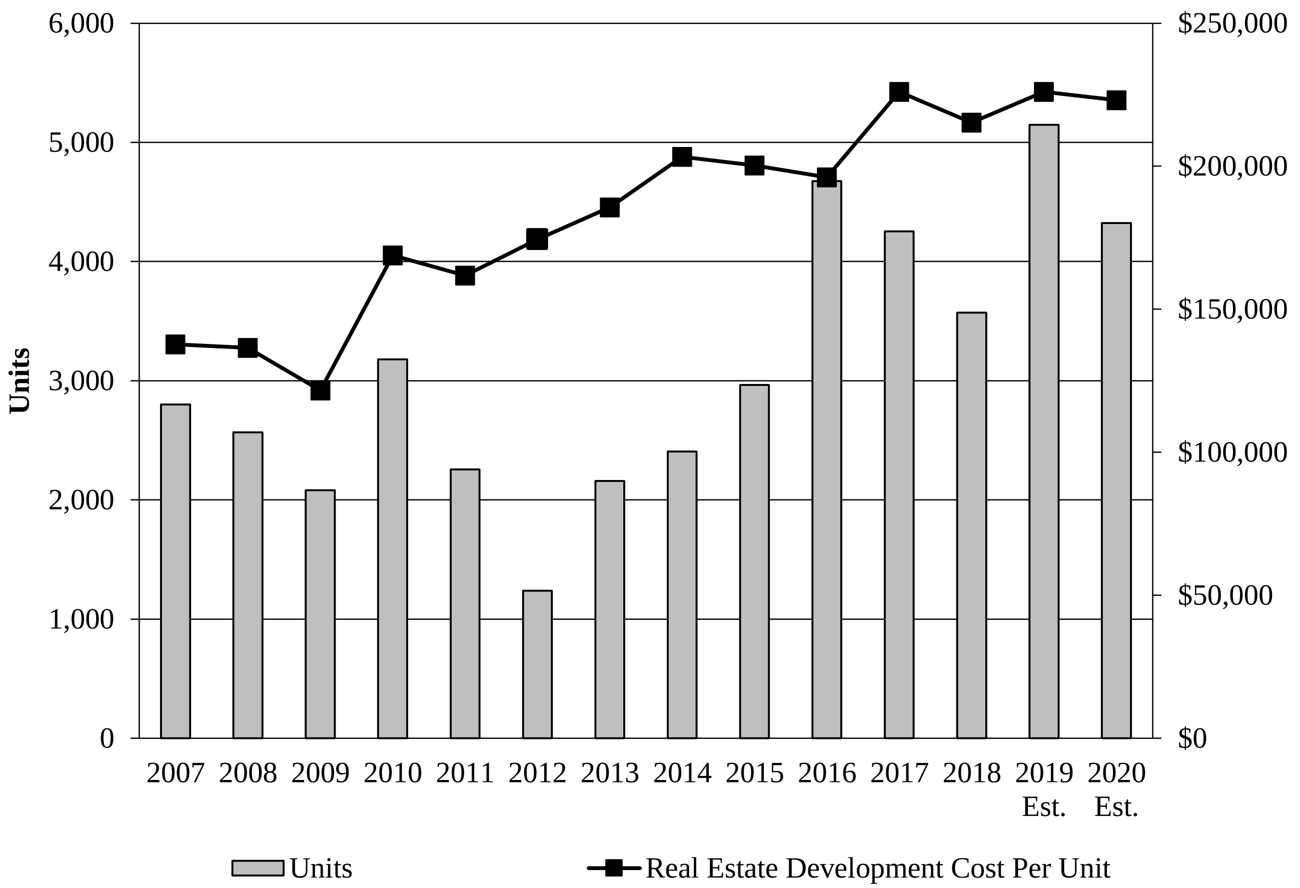
Source: Governor's Fiscal 2020 Budget Books

Affordable Rental Unit Production

Another DHCD goal is to expand the production of affordable rental housing units in Maryland in response to an increasing shortage of affordable rental units. DHCD has several programs geared toward rental housing, including providing rent subsidies to families (in partnership with local government and private-sector organizations) and providing financing to housing authorities and other developers to construct new or preserve existing rental housing.

DHCD tracks the number of new, affordable rental housing units created or preserved through its financial support. The number of units produced is based on the projects that go to initial closing, meaning that DHCD and the borrower have closed the loan on the project, and construction is about to begin. Final closing is achieved after construction is complete. As shown in **Exhibit 2**, production declined in fiscal 2018 to 3,572 units compared to fiscal 2017, a 16% decrease, despite recent increases in the level of State support and fairly stable per unit costs of development. Congressional negotiations over federal tax reform at the end of calendar 2017 and the beginning of calendar 2018 caused a major slowdown in activity due to the concern that tax-exempt private activity bonds would be eliminated and the 4% Low Income Housing Tax Credits (LIHTC) were also jeopardized by various tax reform proposals. While neither happened, the concern had a dampening effect on the use of the multifamily program and also reduced the value of the LIHTCs.

Exhibit 2
Affordable Rental Housing Units Going to Initial Closing
Fiscal 2007-2020 Est.



Source: Department of Housing and Community Development

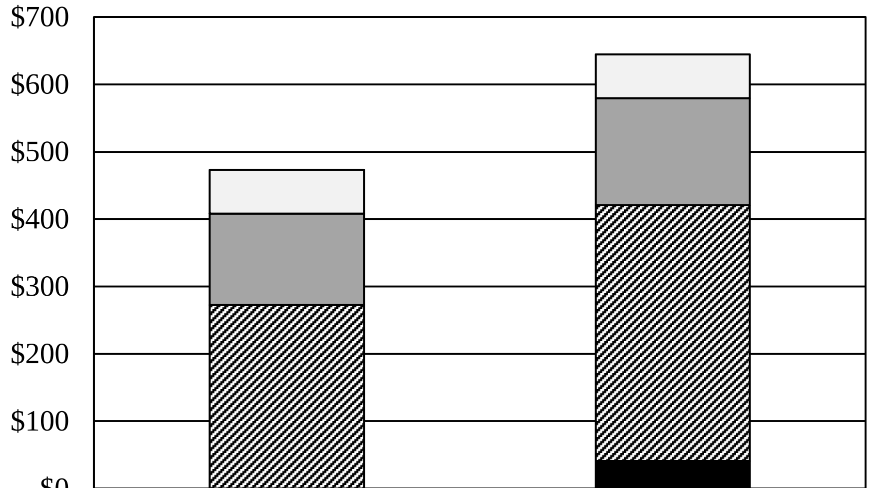
Budget Overview

DHCD has two programmatic units: the Division of Neighborhood Revitalization; and the Division of Development Finance. The Division of Neighborhood Revitalization provides technical and financial assistance to stabilize and revitalize existing neighborhoods, while the Division of Development Finance provides the financial lending and loan underwriting.

DHCD's capital budget includes 13 programs. Across all programs, the Governor's proposed fiscal 2020 capital budget for DHCD increases by $27 million to $180.5 million compared to the fiscal 2019 funding level of $153.5 million. General obligation (GO) bonds comprise $85.3 million of the budget compared to $94.8 million in fiscal 2019. The year-over-year increase is driven by $14 million in additional general funds and $22.5 million in additional special funds.

The 2019 CIP includes funding for two programs that were not scheduled in the 2018 CIP. This includes the Local Government Infrastructure Program, which is funded with $9.68 million in GO bonds in fiscal 2020 and a total of $46.4 million in GO bonds over the five-year CIP period, and the Strategic Demolition and Smart Growth Impact (SDSGI) program, which is funded at $25.25 million in fiscal 2020 and a total of $65.75 million through fiscal 2023. Other notable changes, in addition to funding the Baltimore Regional Neighborhood Initiative (BRNI) and the Seed Community Development Anchor Institution Fund at their mandated levels, include funding enhancements for Homeownership Programs, Rental Housing Programs, and the Neighborhood Business Development Program. Overall, for the four years that the 2019 and 2018 CIPs overlap, DHCD programs are scheduled to receive $171.5 million more from fiscal 2020 through fiscal 2023, as shown in **Exhibit 3**.

Exhibit 3
Comparison of 2018 and 2019 *Capital Improvement Programs*
Fiscal 2020-2023
($ in Millions)



	2018 CIP	2019 CIP	Difference
□ Federal	$64.80	$64.80	$0
■ Special	135.70	159.30	23.60
▨ GO	272.50	379.37	106.87
■ General	0.00	41.00	41.00

CIP: *Capital Improvement Program*
GO: general obligation

Source: 2018 and 2019 Capital Improvement Plans

The following provides a summary and examination of each of the department's programs.

Baltimore Regional Neighborhood Initiative

BRNI provides grants to fund revitalization strategies in State-designated sustainable community areas in Baltimore City and Anne Arundel and Baltimore counties. Eligible projects include residential and commercial strategic property acquisition, redevelopment, rehabilitation, and new infill development.

BRNI was initiated as a pilot program in fiscal 2014 using $3.0 million in general funds. Statute now mandates $12.0 million in annual capital funding for BRNI through fiscal 2022. DHCD opened up applications to new recipients in fiscal 2017 and awarded grants to six new organizations. In fiscal 2018, three new organizations, including the first in Anne Arundel County, were added, as shown in **Exhibit 4**. The department further added four new organizations for fiscal 2019 funding.

Exhibit 4
Baltimore Regional Neighborhood Demonstration Initiative Awards
Fiscal 2014-2018
($ in Millions)

Jurisdiction	2014	2015	2016	2017	2018	Total
Anne Arundel						
Strong City Baltimore	$0	$0	$0	$0	$475,000	$475,000
Baltimore City						
Belair-Edison Neighborhoods, Inc.	0	0	0	150,000	385,000	535,000
Central Baltimore Partnership, Inc.	1,110,000	475,000	565,000	461,199	1,380,000	3,991,199
City Life Community Builders	0	0	0	170,000	120,000	290,000
Druid Heights Community Development Corporation	0	0	0	0	540,000	540,000
Dundalk Renaissance Corporation, Inc.	717,000	0	0	250,000	0	967,000
East Baltimore Development Inc.	0	0	0	175,000	800,000	975,000
Healthy Neighborhoods, Inc.	250,000	370,000	775,000	0	750,000	2,145,000
Southeast Community Development Corporation	923,000	510,000	1,010,000	430,000	715,000	3,588,000
Southwest Partnership	0	0	0	350,000	275,000	625,000
Strong City Baltimore	0	0	0	625,000	900,000	1,525,000
TRF Development Partners	0	0	0	250,000	950,000	1,200,000
Baltimore County						
Diversified Housing Development Inc	0	0	0	0	60,000	60,000
Dundalk Renaissance Corporation, Inc.	0	325,000	650,000	0	650,000	1,625,000
Total	**$3,000,000**	**$1,680,000**	**$3,000,000**	**$2,861,199**	**$8,000,000**	**$18,541,199**

Source: Department of Housing and Community Development

Community Development Block Grant Program

The Community Development Block Grant Program provides competitive federally funded grants to local governments in nonentitlement areas of the State for use in revitalizing neighborhoods, expanding affordable housing and economic opportunities, and/or improving community facilities and services. Nonentitlement areas are mainly rural areas of the State, and the federal Community Development Block Grant funds appropriated through DHCD are used in the State's nonentitlement areas. The fiscal 2020 budget includes $9 million in federal funds for this program, unchanged from fiscal 2019. 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. **Exhibit 5** shows the amount granted by county in fiscal 2016 to 2018. Some funds are awarded to municipalities, while other funds are awarded directly to the county. Funds are provided for community development, special projects, and homelessness initiatives and are awarded competitively.

Exhibit 5
Community Development Block Grant by County
Fiscal 2016-2018

County	2016	2017	2018	Total
Allegany	$2,499,433	$724,470	$955,000	$4,178,903
Calvert	0	250,000	0	250,000
Caroline	1,032,050	40,000	100,000	1,172,050
Carroll	1,042,900	178,560	1,231,392	2,452,852
Cecil	450,518	0	935,000	1,385,518
Charles	0	800,000	309,000	1,109,000
Dorchester	817,500	107,760	974,953	1,900,213
Frederick	125,000	400,000	713,000	1,238,000
Garrett	200,000	215,000	1,704,203	2,119,203
Harford	0	293,839	0	293,839
Queen Anne's	670,781	0	0	670,781
Somerset	600,000	1,175,000	280,000	2,055,000
St. Mary's	671,460	300,000	330,473	1,301,933
Talbot	1,223,616	1,506,577	74,000	2,804,193
Wicomico	0	300,000	445,020	745,020
Worcester	521,313	0	300,000	821,313
Total	**$9,854,571**	**$6,291,206**	**$8,352,041**	**$24,497,818**

Note: Entitlement areas of the State receive funds directly from the federal government. This includes Anne Arundel, Baltimore, Harford, Howard, Montgomery, and Prince George's counties and the cities of Annapolis, Baltimore, Bowie, Cumberland, Frederick, Gaithersburg, Hagerstown, and Salisbury.

Source: Department of Housing and Community Development

Community Legacy

The Community Legacy Program provides financing to assist with the revitalization of neighborhoods that are at risk of physical, economic, or social deterioration. These neighborhoods are responsible for implementing a revitalization strategy that will reposition the community for new private investment. Funds may be used for capital improvements, such as streetscape and façade improvements, recreational amenities, improvement of community gathering places, and other enhancements to improve the desirability of the community. Awards are made to counties, municipalities, and community development organizations. Projects must be located in designated Sustainable Communities or Maryland Main Street or Maple Street communities.

The fiscal 2020 budget includes $6 million in GO bond funding, a decrease of $2 million from the fiscal 2019 appropriation that was increased by the General Assembly from the $6.0 funding level proposed. **Exhibit 6** shows the allocation of funding from this program by county between fiscal 2016 and 2018. The total spending may not equal the budgeted amount, as GO bond authorizations can be used in subsequent years.

Exhibit 6
Community Legacy Program
Fiscal 2016-2018

Jurisdiction	2016	2017	2018	Total
Allegany	$350,000	$275,000	$250,000	$875,000
Anne Arundel	200,000	325,000	0	525,000
Baltimore City	1,300,000	1,074,540	3,014,500	5,389,040
Baltimore County	250,000	525,000	0	775,000
Calvert	0	100,000	0	100,000
Caroline	160,000	0	0	160,000
Carroll	50,000	0	150,000	200,000
Cecil	250,000	175,000	200,000	625,000
Charles	0	0	0	0
Dorchester	600,000	50,000	57,500	707,500
Frederick	200,000	290,000	330,000	820,000
Garrett	25,000	50,000	103,000	178,000
Harford	360,000	345,000	100,000	805,000
Howard	0	100,000	70,000	170,000
Kent	150,000	85,000	40,000	275,000
Montgomery	100,000	225,000	50,000	375,000
Prince George’s	1,280,000	1,015,000	1,150,000	3,445,000
Queen Anne’s	0	50,000	60,000	110,000

Jurisdiction	2016	2017	2018	Total
Somerset	50,000	0	25,000	75,000
St. Mary's	100,000	0	100,000	200,000
Talbot	50,000	50,000	0	100,000
Washington	200,000	375,000	50,000	625,000
Wicomico	50,000	50,000	100,000	200,000
Worcester	275,000	260,000	350,000	885,000
Total	**$6,000,000**	**$5,419,540**	**$6,200,000**	**$17,619,540**

Source: Department of Housing and Community Development

Local Government Infrastructure Fund

Executive Order 01.01.2017.04 established the Office of Rural Broadband to support the State's efforts to provide affordable, high-speed Internet service to every Maryland home. While Maryland is the seventh most connected state and has 97% broadband coverage according to Broadband Now, there are pockets across the State that lack access. For instance, only 61.3% of Somerset County homes have access to Internet speeds of 25 megabits per second (mbps) or higher. The fiscal 2020 budget includes $9.68 million for the Local Government Infrastructure Fund (LGIF), and the 2019 CIP includes a total of $46.4 million in funding. DHCD believes that at the CIP funding levels, combined with federal efforts, the three-year process of providing broadband access to every household could be started in three counties by the end of fiscal 2020 and in 12 counties by the end of fiscal 2024. The order in which broadband access would be expanded would be dependent on applications received by the department.

Exhibit 7 provides data from the trade group Broadband Now on the share of people in each county who have access to wired, 25 mbps or higher Internet service and U.S. Census survey data on the share of households that have broadband subscriptions, which includes wired connections as well as cell phone data plans, satellites, or a fixed wireless subscription. Some discrepancies to note include areas like Somerset or Talbot counties where there is a higher share of people with broadband subscriptions than there are with access to a wired connection, indicating people are using cellular data plans or satellite connections in greater numbers. The other discrepancy to note is the low rate of subscriptions relative to high rates of access in places like Baltimore City or Washington County. It should be noted that while some private providers offer subsidized subscriptions, the State does not provide any assistance to low-income residents for Internet access. The reason for the lack of broadband access in rural areas is the significant upfront costs faced by Internet service providers of laying cable. That cost is easily defrayed by high concentrations of customers in urban areas but less so in less densely populated rural areas. While providing a subsidy to private providers would ease those upfront costs, it should be noted that the market would still likely drive decisions, meaning more profitable areas would likely receive funding first, creating equity issues.

Exhibit 7
Internet Access and Subscriptions by County
Percent of People with Wired Broadband Access and Percent of Households with a Broadband Subscription

	Wired with 25 Megabits Per Second or Higher	Broadband Subscription
Allegany	88.0%	77.7%
Anne Arundel	97.8%	90.9%
Baltimore City	97.7%	73.9%
Baltimore	98.2%	87.0%
Calvert	98.1%	91.1%
Caroline	82.3%	77.7%
Carroll	97.7%	88.1%
Cecil	96.5%	82.9%
Charles	93.7%	88.3%
Dorchester	80.5%	74.6%
Frederick	94.3%	88.7%
Garrett	73.5%	74.8%
Harford	98.6%	89.1%
Howard	98.5%	94.9%
Kent	80.3%	78.1%
Montgomery	98.8%	91.7%
Prince George’s	98.0%	85.3%
Queen Anne’s	91.4%	88.3%
Somerset	61.3%	70.1%
St. Mary’s	96.7%	81.0%
Talbot	80.1%	83.5%
Washington	94.1%	77.9%
Wicomico	93.3%	77.8%
Worcester	89.2%	81.6%

Source: Broadband Now; U.S. Census Bureau 2013-2017 American Community Survey

The department plans to provide grants of up to 50% for network construction with the actual amount dependent on project cost and available funding. While the match could be in the form of cash or federal funds, it could also be met by a loan through the LGIF program, meaning that the State would be subsidizing the entire cost of the project. DHCD would consider each project’s financial sustainability when determining the grant amount. Federal funds are likely available from the U.S. Department of Agriculture (USDA) Rural Broadband Access and Loan Guarantee, the USDA

Broadband e-Connectivity Pilot Program, and the newly created ReConnect Program. The ReConnect Program will offer up to $600 million nationwide in loans and grants to build rural broadband infrastructure.

The recipient of the funding would be the owner of the built-out network. The funding could be provided to private companies to subsidize the ownership of a private network, which would then be able to set rates for service. The State would have no expectation of a direct return on investment but would see improved Internet connectivity that would lead to better services in the community. There is a concern of building out a network now, only for current technology to surpass the need for public subsidization of last-mile networks in rural areas. DHCD notes, however, that while the State in 2009 built out a fiber optic network, little progress has been made in the 10 years since to expand service to rural areas. Others point to 5G cellular technology as a fix, but currently, providers are focusing that infrastructure in urban areas. **The Department of Legislative Services (DLS) recommends deleting $9.68 million in GO bond funding for this project, as there is limited capacity in the capital budget and competing, higher priority funding needs.**

Neighborhood BusinessWorks

The Neighborhood Business Development Program, which operates as Neighborhood BusinessWorks (NBW), provides grants and loans for 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. Chapter 482 of 2016 changed some rules for NBW, allowing it to lend in priority funding areas as well as sustainable communities; allowing it to offer primary lending, loan guarantees, and credit enhancements; and increasing the maximum loan size to $5 million, up from $500,000.

The fiscal 2020 budget provides $12.2 million comprised of $8 million in GO bonds, $2 million in general funds, and $2.2 million in special funds, which is a $6.7 million increase over the fiscal 2019 appropriation and $6.5 million more than what was programmed for fiscal 2020 in the 2018 CIP. The increase in funding is attributable to the department's desire to expand the program to eligible businesses located in priority funding areas and sustainable communities in keeping with the goals of Chapter 482 to eventually expand the program to $50 million in lending annually and to increase funding as part of the Governor's Opportunity Zones initiative.

As shown in **Exhibit 8**, NBW provided $27.8 million of grants and loans through this program in fiscal 2014 to 2018, with 76% of those funds used in Baltimore City or Howard County. Although funds are available in all jurisdictions, Baltimore City's high business concentration means that most funding is directed there. The Howard County concentration is due to flood recovery assistance provided through this program. **DLS recommends deleting $8 million in GO bond funding for this program to be partially replaced by $3 million in general funds. This action is discussed further in the Issues section of this analysis. This would result in funding levels $1.7 million higher than the fiscal 2019 amount.**

Exhibit 8
Neighborhood Business Works
Fiscal 2014-2018

Jurisdiction	2014	2015	2016	2017	2018	Total
Allegany	$0	$0	$0	$1,100,000	$0	$1,100,000
Baltimore City	1,310,000	3,020,674	4,010,500	3,236,069	5,315,615	16,892,858
Baltimore	358,424	100,326	87,500	0	0	546,250
Cecil	0	0	0	207,817	475,000	682,817
Howard	0	0	0	2,585,000	1,725,000	4,310,000
Montgomery	250,000	0	0	0	0	250,000
Prince George’s	0	0	142,500	1,520,000	0	1,662,500
Queen Anne’s	0	0	60,000	60,000	0	120,000
Somerset	191,576	537,000	113,000	0	0	841,576
Washington	142,000	0	0	0	338,583	480,583
Worcester	108,000	592,000	140,000	60,000	0	900,000
	$2,360,000	**$4,250,000**	**$4,553,500**	**$8,768,886**	**$7,854,198**	**$27,786,584**

Source: Department of Housing and Community Development

Ellicott City Assistance

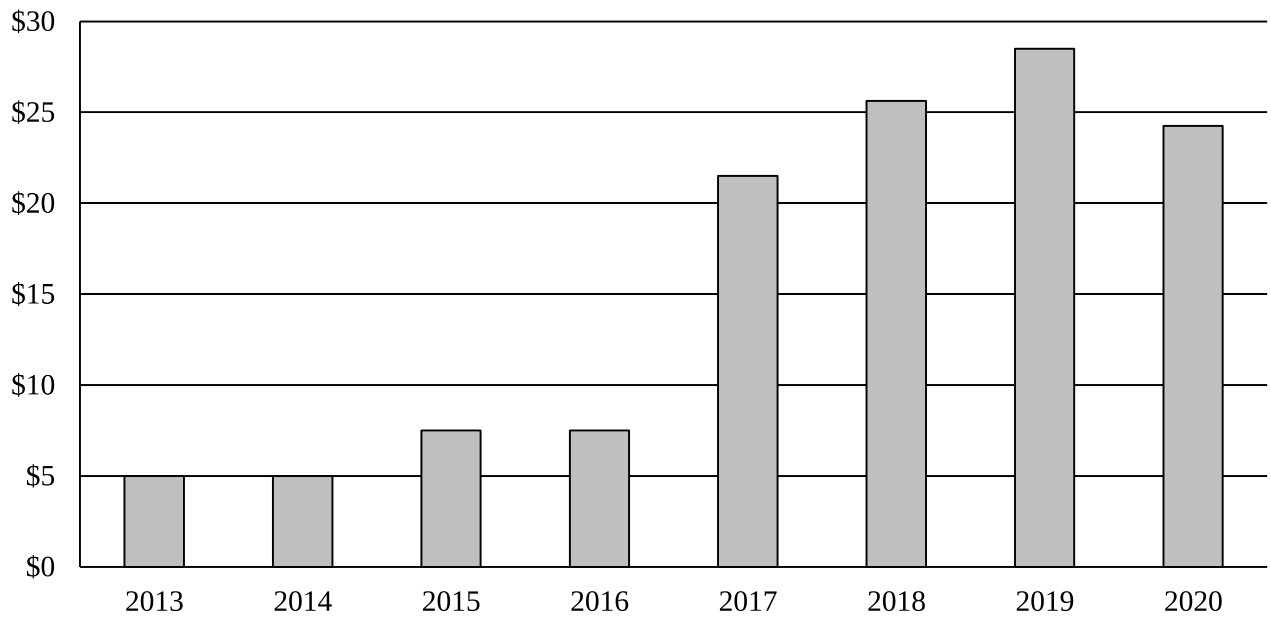
In response to the second severe flooding event in downtown Ellicott City in Howard County in summer 2018, $2.5 million was transferred to DHCD from the Catastrophic Event Account (CEA) to provide as grant assistance to homeowners and businesses affected by the floods. These funds are in addition to $2.5 million that was transferred from the CEA and $2.5 million that was transferred from the Small, Minority, and Women-Owned Business Account (SMWOBA) to DHCD’s NBW to provide loans to businesses in Ellicott City affected by the floods ($187,500 was transferred to the Department of Commerce).

According to the annual report on the assistance effort from DHCD, the second CEA transfer will be provided as grants. To date, $866,712 has been provided from that amount. From the first CEA amount, all $2.5 million was disbursed with about $500,000 repaid to date. Loan repayments are returned quarterly by DHCD to the source fund. The Memorandum of Understanding with the SMWOBA has been altered to allow for the remaining balance of approximately $700,000 to be provided as grants. To date, approximately $1.6 million has been disbursed. DHCD has provided combined grant and loan assistance in the amount of just under $5 million. **DHCD should comment on the pace of further assistance and whether any undisbursed assistance should be returned to the source fund(s).**

Strategic Demolition and Smart Growth Impact Fund

SDSGI has been used to assist in the demolition, land assembly, housing development or redevelopment, and revitalization projects in sustainable communities, Base Realignment and Closure Revitalization and Incentive Zones, Transit-oriented Development areas, or in areas recommended by PlanMaryland for revitalization and growth. Since fiscal 2016, it has been the centerpiece of Project Creating Opportunities for Renewal and Enterprise (C.O.R.E.), a DHCD-led effort to remove blight through demolition or stabilization and encourage redevelopment, reinvestment, and stabilization in Baltimore City. Fiscal 2019 had been the final year of programmed funding for all SDSGI activities, including Project C.O.R.E., but the 2019 CIP includes $24.25 million in funding from all sources in fiscal 2020. Chapters 639 and 640 of 2018 established the Continuing the C.O.R.E. Partnership Fund at DHCD to assist with the removal of blighted property in Baltimore City. The legislation requested that the Governor include $30 million for this program in fiscal 2020 and $25 million annually in fiscal 2021 through 2024. The fiscal 2020 funding is comprised of $13.85 million in GO bond funds, $2 million in general funds, and $8.4 million in special funds, which are from a portion of settlement funds from OAG. The CIP also includes $13.5 million annually in GO bond funding in fiscal 2021 through 2023. **Exhibit 9** shows SDSGI spending as well as the fiscal 2020 proposed budget.

Exhibit 9
Strategic Demolition Appropriation and Request
Fiscal 2013-2020
($ in Millions)



Source: Department of Housing and Community Development

The large majority of funding in SDSGI continues to be used in ways similar to pre-C.O.R.E. efforts, which included demolition along with other efforts, such as land assembly, housing development or redevelopment, and revitalization projects. Despite estimates of 16,000 vacant properties in Baltimore City and ambitious goals announced at the launch of Project C.O.R.E. of removing thousands of units of blight, the progress made has been fairly slow. In fiscal 2017, the Maryland Stadium Authority (MSA) demolished 142 parcels. The fiscal 2018 amount included more than $7.5 million provided to MSA for demolition of properties in Baltimore City. However, MSA reports that while it did perform some demolition work in fiscal 2018, it was far less than $7.5 million in work – the authority only demolished 29 parcels on four blocks: the 1300 block of North Washington Street; the 2200 block of East North Avenue; the 2000 block of East Biddle Street; and the 2700 block of Boarman Avenue. The reason for the slow pace of MSA demolitions is that it was taking much longer than expected for Baltimore City to take possession of properties for demolition. As of December 2018, 1,000 more properties have been released by Baltimore City for demolition or deconstruction. The pace was able to be greatly increased in fiscal 2019, as properties added more recently did not require relocation of residents. Because of the substantial increase in the pace of properties released by Baltimore City for demolition, all fiscal 2018 funding committed to MSA has been drawn, and the department has begun to use its fiscal 2019 funding.

The original goals of Project C.O.R.E. included thousands of units demolished in the fiscal 2016 to 2019 period. As shown in **Exhibit 10**, 1,720 units of blight have been removed, which includes demolitions as well as stabilized properties. This data from DHCD's annual report on the program conflicts with the Governor's Budget Highlights Book that states that 4,000 blighted properties have been cleared or demolished. The work performed by Baltimore City is not funded by the State.

Exhibit 10
Units of Blight Removed in Baltimore City
January 2016 to June 2018

	Units of Blight Removed
Maryland Stadium Authority	198
DHCD Grant Recipients	574
Baltimore City	948
Total	**1,720**

DHCD: Department of Housing and Community Development

Source: Department of Housing and Community Development

While the pace of demolition-only projects slowed, in fiscal 2018, SDSGI provided $14.5 million in funding to various community development organizations for large, impactful projects in Baltimore City. For example, DHCD provided:

- $2 million to Upton Planning Committee to acquire and stabilize vacant row homes to promote homeownership in the neighborhood;
- $1.5 million to Strong City Baltimore for the stabilization of the Hoen Lithograph Building;
- $1.2 million to TRF Development Partners for the pre-development of a 60-unit affordable rental building in Johnston Square;
- $1 million to the Morgan State University Foundation for demolition of a portion of Northwood Commons shopping center;
- $1 million to Neighborhood Housing Services of Baltimore for the demolition of five row homes and stabilization of two warehouses as a part of a redevelopment on North Avenue; and
- $1 million to Southwest Partnership for the acquisition and stabilization of vacant buildings on West Baltimore Street for mixed-use projects.

DLS recommends deleting $13.85 million in GO bond funding for this program to be partially replaced by $9.85 million in general funds. While this results in a $4 million reduction in funding for this program, the program was not planned to be funded in the 2019 CIP, and the resulting fiscal 2020 funding amount for SDSGI of more than $20 million is in line with recent funding amounts. This action is discussed further in the Issues section of this analysis.

Rental Housing Programs

Rental Housing Programs, including Rental Housing Works, are used to rehabilitate and create new affordable housing for low- to moderate-income individuals, families, and elderly residents or special needs populations. Low-interest loans or deferred-payment loans are provided to housing developers for the financing of affordable housing developments. The fiscal 2020 capital budget provides a total of $48.0 million for DHCD Rental Housing Programs comprised of $25 million in GO bond funds, $2 million in general funds, $16.5 million in special funds, and another $4.5 million in federal funds. The 2019 CIP includes $25 million in GO bond funds and $46 million in total funding annually in fiscal 2021 through fiscal 2024. **Exhibit 11** shows the usage of the program by jurisdiction in fiscal 2016 through 2018. The funded projects do not necessarily match the amount of funding in any given year as prior year authorizations may be used in future years. As noted earlier, production slowed in fiscal 2018 due to uncertainty concerning the LIHTC program and the tax treatment of private activity bonds in general. DHCD believes that current spending levels however can return production levels to more than 4,000 affordable rental housing units annually. **DLS recommends deleting $25 million in GO bond funding for this program to be partially replaced by $22 million in**

general funds. This action is discussed further in the Issues section of this analysis. This would result in funding level with the fiscal 2019 amount.

Exhibit 11
Rental Housing Works Usage
Fiscal 2016-2018

Jurisdiction	2016	2017	2018
Anne Arundel	$0	$1,241,043	$7,480,000
Baltimore	4,751,035	9,213,721	250,000
Baltimore City	4,138,335	10,260,220	5,617,919
Calvert	0	2,500,000	0
Cecil	0	5,000,000	2,450,000
Harford	0	2,500,000	1,325,000
Howard	0	0	1,900,000
Kent	0	2,100,000	0
Montgomery	500,000	4,850,000	3,804,838
Prince George's	0	2,786,002	2,500,000
St. Mary's	0	2,000,000	2,000,000
Talbot	2,000,000	0	0
Washington	0	1,000,000	1,500,000
Wicomico	2,000,000	2,000,000	2,604,240
Total	**$13,389,370**	**$45,450,986**	**$31,431,997**

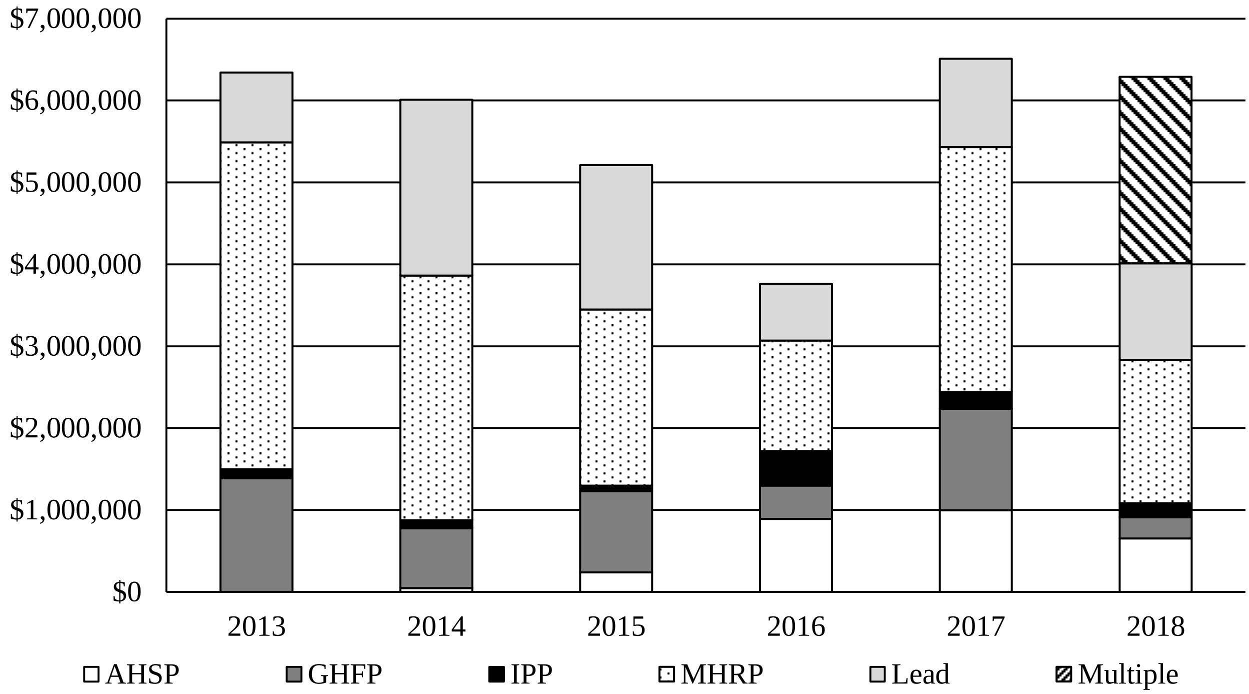
Note: Encumbrances and expenditures include funds from prior year authorizations.

Source: Department of Housing and Community Development

Special Loan Programs

Special Loan Programs provide loans or grants for the 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, disabled, or others with special housing needs. The fiscal 2020 budget includes $4 million in GO bonds, $5.3 million in special funds, and $2.0 million in federal funds, a $1.9 million increase over fiscal 2019. The increase is comprised of special funds from loan repayments and OAG mortgage settlement funds from a recent settlement with Bank of America. As shown in **Exhibit 12**, the department has begun concentrating its efforts in this program by providing recipients funding from multiple subprograms. In fiscal 2018, DHCD provided funds for the rehabilitation of 216 housing units, the production of four beds of special needs housing, and the reduction of lead-paint based hazards from 109 housing units through this program. The department also has expanded its outreach through WholeHome events to explain available programs to potentially eligible homeowners.

Exhibit 12
Special Loan Programs Loans and Grants by Program
Fiscal 2013-2018



AHSP: Accessible Homes for Senior Homeowners Program
GHFP: Group Home Financing Program
IPP: Indoor Plumbing Program
Lead: Lead Hazard Reduction Grant and Loan Program
MHRP: Maryland Housing Rehabilitation Program

Source: Department of Housing and Community Development

Homeownership Programs

Homeownership Programs provide mortgage loans with minimum down payments to low- and moderate-income families. Programs include DSELP, which provides funds for down payment and settlement expenses, and the Maryland Home Financing Program, which makes direct loans to households to purchase homes. The fiscal 2020 budget includes $23 million in funding for this program, comprised of $7.8 million in GO bonds and $15.2 million in special funds, a $9.5 million increase over the fiscal 2019 appropriation. The large increase in special funds is due to additional funds available from the OAG mortgage settlement and replaces a portion of the planned GO bond authorization. DHCD plans to allocate $5 million of the funding to opportunity zones and $6 million of this program's budget for the SmartBuy initiative, which assists qualified applicants with eligible student loan debt to purchase homes owned by DHCD. While the previous iteration limited purchases to Community Development Authority (CDA)-owned properties, the department has altered the program to eliminate that restriction. The new program launched in summer 2018, and to date, 103 mortgages have been approved totaling $21 million and providing $2.7 million in student debt relief. While single-family homes do not qualify for opportunity zone funds, the department believes that the knock-on effects of other investments will make homeownership more appealing in these areas. The 2019 CIP includes $19 million annually in each of the out-years for Homeownership Programs. Historically, this program had been funded at approximately $10 million to $11 million per year.

DHCD has recently made several changes to the MMP to serve the needs of different types of homebuyers in the State. For example, the MMP has begun offering lower subsidized interest rates rather than down payment assistance for those who do not need up front funds while also providing down payment and closing cost assistance sourced from private capital. **DLS recommends deleting $7.8 million in GO bond funding for this program to be partially replaced by $800,000 in general funds. This action is discussed further in the Issues section of this analysis. This would result in funding levels $2.5 million higher than the fiscal 2019 amount.**

Housing and Building Energy Programs

Housing and Building Energy Programs contain several energy efficiency programs, including programs funded by EmPOWER and the Energy Efficiency Block Grant Program. The programs provide loans and grants for energy efficiency improvements for single-family and rental housing properties, including the renovation of existing facilities, the construction of new facilities, or the installation of energy-efficient equipment or materials. The fiscal 2020 budget includes $1.0 million in GO bonds, $8.35 million in special funds, and $700,000 in federal funds, level with the fiscal 2019 appropriation. The $1.0 million in GO bonds are to be used to expand the use of the Energy-Efficiency Homes Construction Loan Program. This program was initially funded through an allocation of Regional Greenhouse Gas Initiative Strategic Energy Investment funds but has been expanded using GO bonds. DHCD states that it has a pipeline of 18 projects totaling $39 million in costs but has insufficient funds in the program to service the pipeline.

The special funds are derived through an allocation of funds awarded to the Maryland Public Service Commission that included $20.0 million for DHCD's Multifamily Energy Efficiency and Housing Affordability (MEEHA) program to expand and promote energy efficiency and affordability in the State's multifamily rental housing developments. MEEHA provides owners of affordable multifamily properties with grants and loans to purchase and install energy efficiency improvements. The initial award was for three years covering calendar 2015 through 2017, and it is anticipated that DHCD will receive an additional award covering calendar 2018 through 2021 that accounts for the 2018 CIP programmed special funds in the out-years.

Partnership Rental Housing Program

The Partnership Rental Housing Program provides deferred payment loans or grants to local governments or housing authorities to construct or rehabilitate rental housing for residents earning less than 50% of the statewide median income. Repayment is not required if the borrower continues to own and lease the housing to eligible households. In fiscal 2007, the program was expanded to enable private and nonprofit borrowers to access financing for the creation of housing for persons with disabilities. The fiscal 2020 budget includes $6 million in GO bonds, level with the fiscal 2019 appropriation. Fiscal 2018 funding was used for three projects in Annapolis, Baltimore City, and Wicomico County that created 68 units of affordable housing. DHCD notes that there are 10 projects totaling $17.7 million in requested funding with increased demand driven by the federal Rental Assistance Demonstration program, which allows for the conversion of public housing to long-term Section 8 rental assistance projects. **DLS recommends deleting $2.55 million in GO bond funding for this program to be replaced by $2.55 million in general funds. This action is discussed further in the Issues section of this analysis.**

Shelter and Transitional Housing Facilities Grant Program

The Shelter and Transitional Housing Facilities Grant Program provides grants to local governments and nonprofit groups to develop emergency shelters and transitional housing for homeless individuals and families. The fiscal 2020 budget includes $4 million in GO bonds for this program, a $1 million increase over fiscal 2019. The additional $1 million in funding is to be used for recovery residences, which provide alcohol and drug-free housing to people with substance or addiction disorders.

Seed Community Development Anchor Institution Fund

Chapter 31 of 2016 created the Seed Community Development Anchor Institution Fund within DHCD and mandated an annual appropriation of $5 million. The program is intended to provide grants and loans to anchor institutions for community development projects in blighted areas of the State. The Governor is mandated to fund the Seed Community Development Anchor Institution Fund at $5.0 million (which is done with $5 million of general funds in fiscal 2020). The program provided $4 million in funding for a project at the University of Maryland, Baltimore Campus in fiscal 2019. There is no further pipeline for this program, but DHCD will award the funding on a competitive basis this summer. **While DLS is not making a recommendation to reduce funding for this program since it is legislatively mandated, the budget committees may wish to consider reducing or eliminating funding for the program if no suitable projects can be identified.**

National Capital Strategic Economic Development Fund

Chapter 523 of 2017 established the National Capital Strategic Economic Development Fund at DHCD to assist government agencies and nonprofit community development organizations in predevelopment activities for commercial and residential development including site acquisition, land assembly, architecture and engineering, and site development for revitalization in sustainable communities. Statute requires that 85% of any funding allocated must be for projects in areas of the State located between Interstate 495 and the District of Columbia in Montgomery and Prince George's counties and the remaining 15% for projects throughout the State. The governor did not provide funding in the fiscal 2019 budget, but the legislature added $1 million in GO bond funding for the program. Funding is not provided in the fiscal 2020 budget.

DHCD provided $450,000 in fiscal 2019 funds to projects in Montgomery County:

- Montgomery Housing Partnership, Inc., Hillbrooke Towers, $250,000; and
- City of Takoma Park, Takoma Cooperative School, $200,000.

DHCD provided $550,000 in fiscal 2019 funds to projects in Prince George's County:

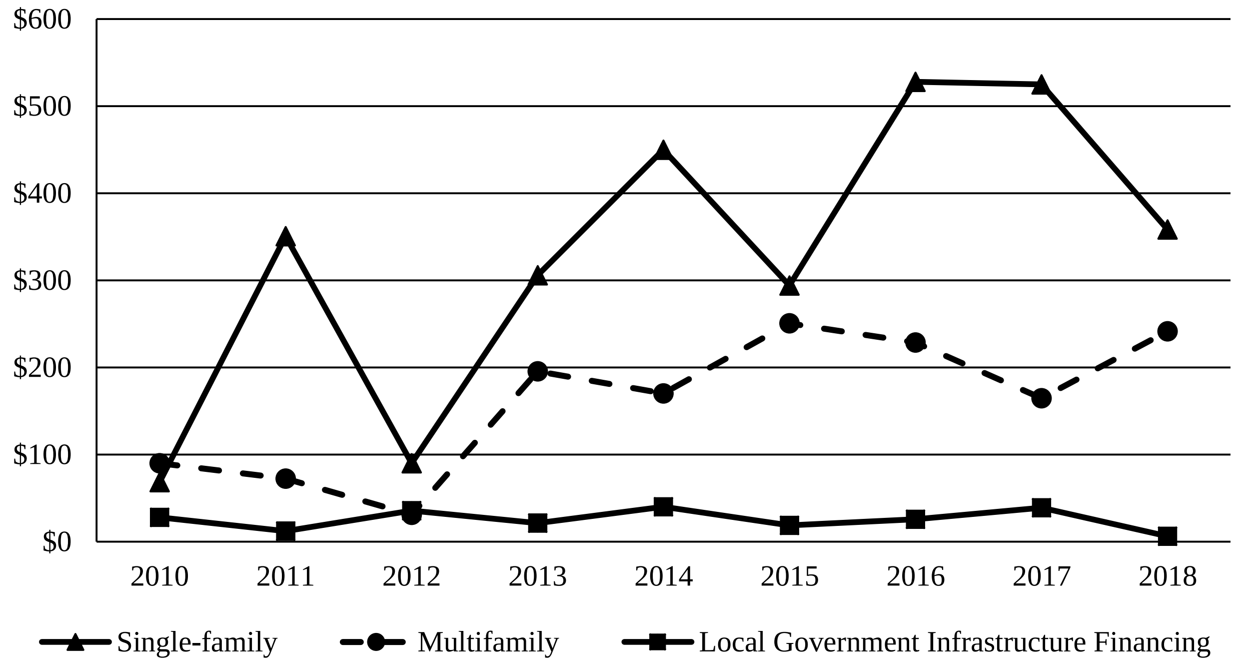
- Town of Capitol Heights, acquisition and demolition, $100,000;
- Housing Initiative Partnership, Inc., Palmer Park Meadows Townhomes, $200,000; and
- City of Hyattsville, Hyattsville Armory Apartments, $250,000.

Community Development Authority

In addition to DHCD's array of budgeted programs, the department also includes CDA, which issues nontax-supported debt with the goal of increasing the supply of affordable housing in the State. CDA funding is often used in tandem with other funds from the DHCD budget to achieve the goals of various department programs. CDA generates its funding through the sale of tax-exempt revenue bonds, taxable bonds, and mortgage-backed securities. The projects proposed for CDA assistance must match local priorities and complement and supplement local community development programs. Tax-exempt bonds are subject to a federal per capita cap with unused capacity carrying forward into subsequent years.

As shown in **Exhibit 13**, single-family issuances are volatile due to their dependence on the private mortgage market as rates in the private market can be competitive with what CDA can offer when the added administrative burden on the bond buyer is considered. However, MMP, which provides mortgages to first-time homebuyers and other qualified homebuyers, will still operate. When the bond market is unfavorable to fund its single-family program, CDA instead securitizes mortgages to be sold on the open market to private investors. The significant difference between these two funding methods is that the securitization of mortgages means that both the debt and the asset (the mortgage) are not held by CDA, while when CDA issues bonds, it typically holds either the mortgages or a mortgage security. In calendar 2017, total issuances declined by 17% to $607 million, with the decline driven by a 32% decline in single-family issuances.

Exhibit 13
Community Development Authority Debt Issuances
Calendar 2010-2018
($ in Millions)



Source: Department of Housing and Community Development

In addition to issuing debt, CDA also raises capital with the federal LIHTC program. Two types of LIHTCs are available depending on the type of rental housing construction. The 9% credit is generally used for new construction. Each year, for 10 years, a tax credit equal to roughly 9% of a project's cost of construction may be claimed. Historically, the applicable credit rate has not actually been 9%; instead, the specific rate that a project would receive was set so that the present value of the 10-year stream of credits equaled 70% of a project's cost. The 4% credit is typically claimed for rehabilitated housing and new construction that is financed with tax-exempt bonds. Like the 9% credit, the 4% credit is claimed annually over a 10-year credit period. The actual credit rate fluctuates around 4% but is set by the U.S. Treasury to deliver a subsidy equal to 30% of a project's cost. The 9% LIHTCs are allocated to states based on population; 4% LIHTCs do not have allocation limits. DHCD is authorized to issue approximately $15.0 million in 9% tax credits annually and an unlimited amount of 4% tax credits generated on projects financed with tax-exempt housing bonds. The tax credits are sold to investors seeking to reduce tax liability as well as generate other tax benefits.

As shown in **Exhibit 14**, DHCD raised $238.4 million in equity via tax credits in fiscal 2018, a 36% decrease compared to fiscal 2017. Typically, the amount of equity raised is roughly 10 times the size of the tax credit allocation. Recent federal tax reforms have significantly depressed the value of the tax credits, meaning that DHCD is unable to raise as much with the sale of the credits as it had in the past.

Exhibit 14
Low-income Housing Tax Credits
Fiscal 2013-2018
($ in Millions)

	2013	2014	2015	2016	2017	2018
9% Tax Credit Allocation	$11.5	$8.4	$13.2	$14.4	$15.0	$14.4
9% Tax Credit Equity	114.8	85.1	130.1	151.1	166.0	141.8
4% Tax Credit Allocation	$4.7	$7.7	$11.1	$17.4	$19.9	$10.3
4% Tax Credit Equity	43.8	73.6	109.7	174.2	206.8	96.6

Source: Department of Housing and Community Development

Issues

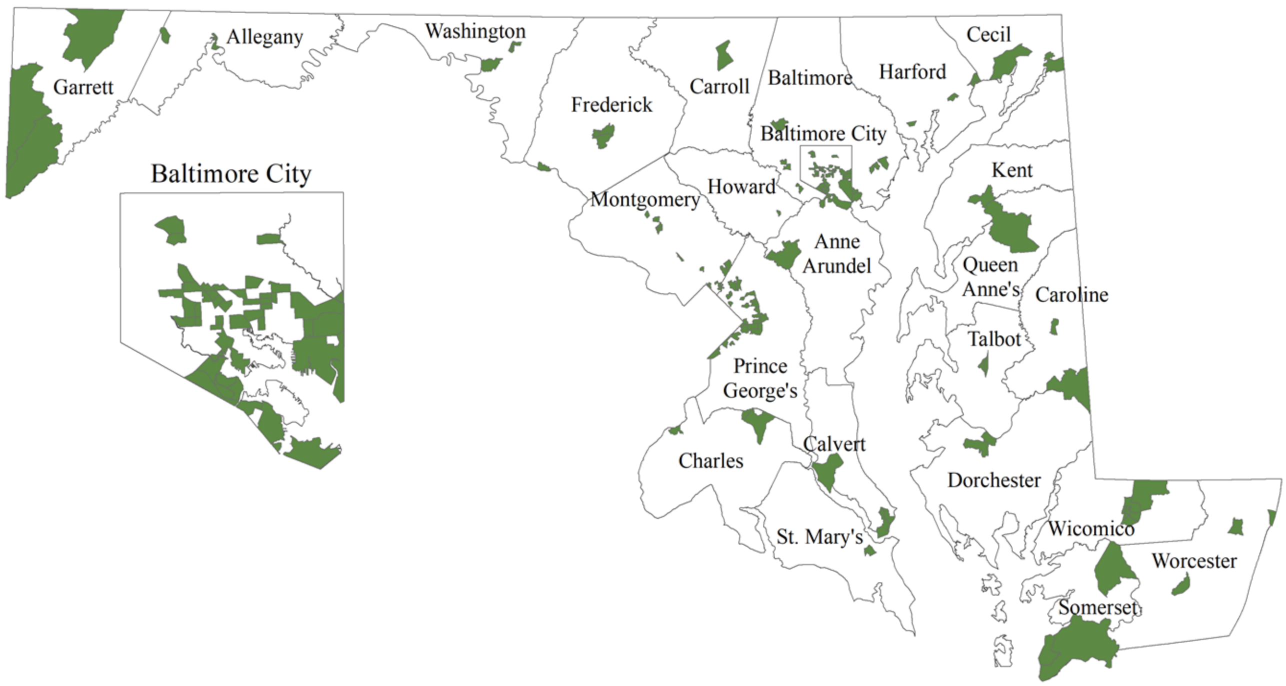
1. Opportunity Zones

The federal Tax Cut and Jobs Act created the Opportunity Zones Program to encourage investment in economically distressed communities. The program is designed to encourage private-sector investment and spur economic development and job creation in designated economically distressed communities called opportunity zones.

Background

Maryland, like other states, designated its own opportunity zones by choosing 25% of the census tracts that are eligible, low-income communities under the New Market Tax Credit Program, subject to the approval of the U.S. Secretary of the Treasury. The eligible tracts have poverty rates of at least 20%; or in a rural tract, have a median family income below 80% of the statewide median family income; or in a metropolitan area, the median family income for the tract does not exceed 80% of the statewide, or metropolitan area median family income, whichever is larger. Maryland has designated opportunity zones in every county in the State, with a concentration of the opportunity zones in Baltimore City and Prince George's County. **Exhibit 15** provides a map of all of the State's designated opportunity zones.

Exhibit 15
Opportunity Zones



Source: Department of Legislative Services

Opportunity zones are intended to encourage economic development by providing tax benefits to investors. The program allows for realized capital gains – such as the profit from selling stock – to be invested in a qualified Opportunity Zone Fund, which in turn invests in an opportunity zone. To qualify, 70% of the fund's assets must be in the opportunity zone. The capital gains tax on the capital gain can then be deferred until the end of 2026. If the investment is held for 7 years, 15% of the capital gain can be excluded from tax, and the appreciation of the gain can be excluded if the investment is held for 10 years.

DHCD Efforts

While the Opportunity Zones Program is a federal program, DHCD intends to focus State-funded economic development and affordable housing program resources in opportunity zones to attract a larger share of the private capital expected to be invested in opportunity zone funds nationwide and to enhance the impact of those investments and incentivize further private-sector investment within the designated opportunity zones. The Governor's Budget Highlights Book indicates that $32 million of its funding will be dedicated to use in opportunity zones; however, it is unclear how that figure is determined. The 2019 CIP documents note the use of $5 million in Rental Housing, $5 million in NBW, $5 million in Homeownership, and an unspecified amount in SDSGI. Previously, DHCD had stated its focus would be in SDSGI, NBW, Rental Housing, and Community Legacy. These DHCD programs would provide gap financing for projects that receive Opportunity Zone Fund investment or for other projects within an opportunity zone to enhance and target the overall level of public and private investment within the opportunity zone. DHCD's increased funding in the fiscal 2020 budget is intended to accelerate projects already in the works and to take advantage of the private-sector incentives of the new program. The department has advised that, in order to compete nationally and attract the increased level of private investment anticipated in opportunity zones, additional State investment in partnership with private-sector investment should be made. Moreover, since the Opportunity Zones Program is structured such that incremental benefits decrease over time, especially after calendar 2019 and again after calendar 2021, DHCD believes that immediate State participation in the program is necessary to accrue the most possible benefits.

2. Enforcement of Maryland Assisted Housing and Preservation Act

The budget committees in 2018 requested information regarding the State's enforcement of the Maryland Assisted Housing and Preservation Act, which is in Section 7 of the Housing and Community Development Article. Portions of State law were pre-empted by the Federal Low Income Housing Preservation and Resident Homeownership Act, which became law in 1990. The budget committees were specifically interested in the enforcement of the advance notice and right-of-first-purchase provisions of the State law. The pertinent portions of the law regard a requirement to provide notices about a property owner's intent to sell, transfer, or fail to renew certain subsidized affordable housing buildings and the requirement that municipalities or housing authorities be given right of first purchase on such buildings.

DHCD notes that it has received numerous notices and provided notices to the required parties since the law's enactment. While DHCD acknowledges some property owners have failed to provide notice, it does not believe that it is common nor has it been able to find any examples. DHCD also notes that it has never encountered a property that has triggered the right-of-first-purchase provision of the statute.

The department notes that it will increase its communications with property owners regarding their obligations under the law and has added the Housing Commission of Anne Arundel County and the Baltimore Metropolitan Council (BMC) to its list of interested parties receiving notices of pertinent actions. DHCD worked with BMC to search for instances where property owners failed to provide proper notice as required and was unable to find any.

3. Assessment of Affordable Housing in Maryland

The budget committees in 2018 requested that DHCD provide an assessment of affordable housing needs in the State. Due to the scope of the task, the department is in the process of contracting with a qualified provider to complete a statewide needs assessment. Once complete, the department will complete its general affordable housing and preservation plans.

In addition, DHCD has completed an inventory of subsidized housing units in the State by type of financing program, as shown in **Exhibit 16**. As shown, the largest portion of the State-funded inventory is in LIHTC projects, which are often also subsidized by further State assistance. HUD-owned Section 202 housing serves the elderly, and Section 811 housing serves the disabled. Section 236 are privately owned – the program is no longer active with most properties eventually being rehabilitated with LIHTC assistance. Project-based Section 8 projects are privately owned and subsidized with project-based rental assistance as are the USDA properties. The DHCD report includes appendices that list every affordable housing unit in its inventory.

Exhibit 16
Affordable Housing Inventory
Fiscal 2019

Financing Program	Properties	Units
DHCD – LIHTC	635	61,772
DHCD – PRHP	38	1,369
DHCD – Loan Programs	43	2,827
HUD – Public Housing	86	13,829
HUD – Sections 202 and 811	49	1,898
HUD – Section 236	3	504
HUD – Project-based Section 8	255	18,000
USDA – Section 515	114	4,100
Total	**1,223**	**104,299**

DHCD: Department of Housing and Community Development
HUD: U.S. Department of Housing and Urban Development
LIHTC: Low-Income Housing Tax Credit
PRHP: Partnership Rental Housing
USDA: U.S. Department of Agriculture

Source: Department of Housing and Community Development

4. General Funds Should Be Used in Place of More Expensive Taxable Bonds

As proposed, the capital budget funds programs in DHCD with GO bonds that would require the State to issue more expensive taxable bonds due to federal restrictions on the use of tax-exempt financing for private activity purposes. **Therefore, DLS recommends repurposing $38.2 million of general funds budgeted in the Dedicated Purpose Account to fund DHCD programs in order to avoid the issuance of taxable bonds. The recommendation results in net reductions of $19 million across four DHCD programs, as shown in Exhibit 17, but still provides funding for each program at levels higher than what was programmed in the 2018 CIP for fiscal 2020.**

Exhibit 17
Reduction of Taxable Bond Use
Fiscal 2020

Program	GO Bond Reduction	Replacement with General Funds from Dedicated Purpose Account	Change
Rental Housing Program	$25,000,000	$22,000,000	-$3,000,000
Neighborhood Business Development Program	8,000,000	3,000,000	-5,000,000
Strategic Demolition and Smart Growth Impact Fund	13,850,000	9,850,000	-4,000,000
Homeownership Programs	7,800,000	800,000	-7,000,000
Partnership Rental Housing Program	2,550,000	2,550,000	0
Total	**$57,200,000**	**$38,200,000**	**-$19,000,000**

GO: general obligation

Source: Department of Legislative Services

PAYGO Recommended Actions

1. Concur with Governor's allowance.

GO Bond Recommended Actions

1. Approve funding for the Community Legacy Program.

2. Delete funding for the Neighborhood Business Works Program.

SA24B	Neighborhood Business Development Program...........	$ 0

Allowance	**Change**	**Authorization**
8,000,000	-8,000,000	0

Explanation: This action deletes general obligation bond funding for the Neighborhood Business Works Program. A separate action would partially replace funding with $3 million in general funds from the Dedicated Purpose Account, resulting in a $5 million net reduction.

3. Delete funding for the Strategic Demolition and Smart Growth Impact Fund.

SA24C	Strategic Demolition and Smart Growth Impact Fund .	$ 0

Allowance	**Change**	**Authorization**
13,850,000	-13,850,000	0

Explanation: This action eliminates general obligation bond funding for the Strategic Demolition and Smart Growth Impact Fund. A separate action would partially replace the funding with $9.85 million in general funds from the Dedicated Purpose Account, resulting in a $4 million net reduction in funding for this program.

4. Delete funding for Homeownership Programs.

SA25A	Homeownership Programs...	$ 0

Allowance	**Change**	**Authorization**
7,800,000	-7,800,000	0

Explanation: This action deletes general obligation bond funding for Homeownership Programs. A separate action would partially replace the funding with $800,000 in general funds from the Dedicated Purpose Account, resulting in a $7 million net reduction in funding for this program.

5. Approve funding for Housing and Building Energy Programs.

6. Delete funding for the Local Government Infrastructure Fund.

SA25C	Local Government Infrastructure Fund	$ 0

Allowance	**Change**	**Authorization**
9,680,000	-9,680,000	0

Explanation: This action deletes funding for the Local Government Infrastructure Fund.

7. Reduce funding for Partnership Rental Housing Program.

SA25D	Partnership Rental Housing Program............................	$ 3,450,000

Allowance	**Change**	**Authorization**
6,000,000	-2,550,000	3,450,000

Explanation: This action reduces general obligation bond funding for the Partnership Rental Housing Program. A separate action would entirely replace the funding with general funds from the Dedicated Purpose Account.

8. Delete funding for the Rental Housing Program.

SA25E	Rental Housing Program...	$ 0

Allowance	**Change**	**Authorization**
25,000,000	-25,000,000	0

Explanation: This action deletes general obligation bond funding for the Rental Housing Program. A separate action would partially replace the funding with $22 million in general funds from the Dedicated Purpose Account, resulting in a $3 million net reduction in funding for this program.

9. Approve funding for the Shelter and Transitional Housing Facilities Grant Program.

10. Approve funding for Special Loan Programs.

Total General Obligation Bonds Reductions/Additions -$66,880,000