

**S00A**  
**Department of Housing and Community Development**

***Executive Summary***

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The mission of the Department of Housing and Community Development (DHCD) is to work with partners to finance housing opportunities and revitalize great places for Maryland citizens to live, work, and prosper.

***Operating Budget Data***

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(\$ in Thousands)

	<b><u>FY 18</u></b> <b><u>Actual</u></b>	<b><u>FY 19</u></b> <b><u>Working</u></b>	<b><u>FY 20</u></b> <b><u>Allowance</u></b>	<b><u>FY 19-20</u></b> <b><u>Change</u></b>	<b><u>% Change</u></b> <b><u>Prior Year</u></b>
General Fund	\$9,886	\$11,411	\$12,784	\$1,373	12.0%
Adjustments	0	3	12	9	
<b>Adjusted General Fund</b>	<b>\$9,886</b>	<b>\$11,414</b>	<b>\$12,796</b>	<b>\$1,382</b>	<b>12.1%</b>
Special Fund	70,158	69,019	72,114	3,095	4.5%
Adjustments	0	3,067	794	-2,273	
<b>Adjusted Special Fund</b>	<b>\$70,158</b>	<b>\$72,086</b>	<b>\$72,908</b>	<b>\$822</b>	<b>1.1%</b>
Federal Fund	268,608	279,464	281,300	1,837	0.7%
Adjustments	0	47	230	183	
<b>Adjusted Federal Fund</b>	<b>\$268,608</b>	<b>\$279,511</b>	<b>\$281,531</b>	<b>\$2,020</b>	<b>0.7%</b>
Reimbursable Fund	5,372	7,752	7,008	-744	-9.6%
Adjustments	0	0	0	0	
<b>Adjusted Reimbursable Fund</b>	<b>\$5,372</b>	<b>\$7,752</b>	<b>\$7,008</b>	<b>-\$744</b>	<b>-9.6%</b>
<b>Adjusted Grand Total</b>	<b>\$354,025</b>	<b>\$370,762</b>	<b>\$374,243</b>	<b>\$3,481</b>	<b>0.9%</b>

Note: The fiscal 2019 appropriation includes deficiencies, a one-time \$500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

Note: Numbers may not sum to total due to rounding.

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*S00A – Department of Housing and Community Development*

- DHCD’s fiscal 2020 allowance grows by \$3.5 million, or 0.9%, compared to the working appropriation and is primarily driven by personnel expenditures. The \$1.4 million increase in general funds is driven primarily by increases in homelessness program spending.

### ***Personnel Data***

	<b><u>FY 18</u></b> <b><u>Actual</u></b>	<b><u>FY 19</u></b> <b><u>Working</u></b>	<b><u>FY 20</u></b> <b><u>Allowance</u></b>	<b><u>FY 19-20</u></b> <b><u>Change</u></b>
Regular Positions	333.00	331.00	331.00	0.00
Contractual FTEs	<u>74.07</u>	<u>95.40</u>	<u>95.00</u>	<u>-0.40</u>
<b>Total Personnel</b>	<b>407.07</b>	<b>426.40</b>	<b>426.00</b>	<b>-0.40</b>

#### ***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	17.90	6.26%
Positions and Percentage Vacant as of 12/31/18	15.00	4.53%

### ***Key Observations***

- DHCD has streamlined various homelessness service programs into a single Homelessness Solutions Program. The consolidation has eliminated the need for multiple grant applications but has also altered the amount of funding that some grantees have received.
- The department has adopted the national best practice of a “housing first” strategy for its homelessness programs, which has resulted in some prior grantees losing State funding.

### **Operating Budget Recommended Actions**

1. Concur with Governor’s allowance.

**S00A**  
**Department of Housing and Community Development**

***Operating Budget Analysis***

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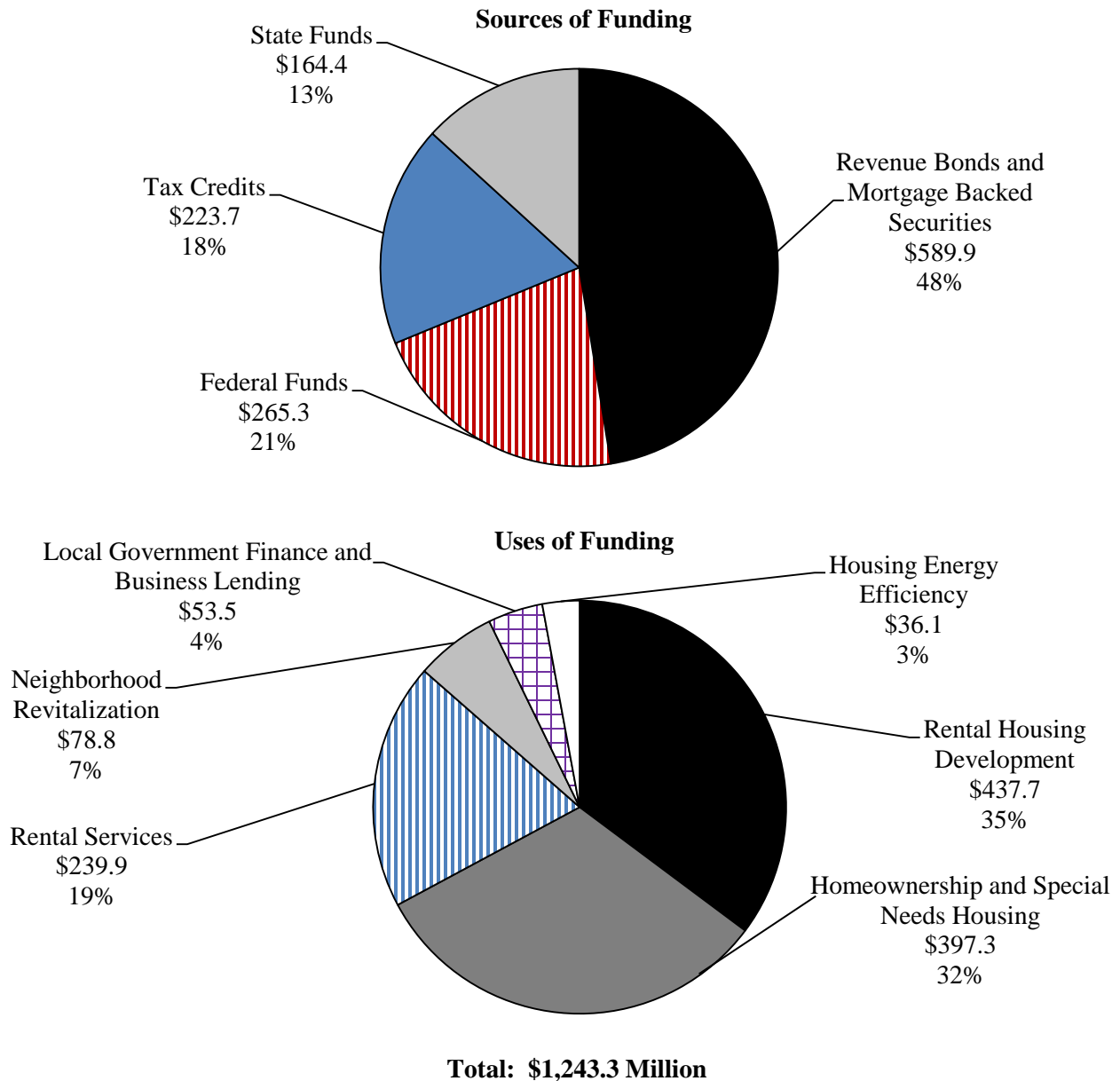
**Program Description**

The mission of the Department of Housing and Community Development (DHCD) is to work with partners to finance housing opportunities and revitalize great places for Maryland citizens to live, work, and prosper. As shown in **Exhibit 1**, in fiscal 2018, DHCD used more than \$1.2 billion in revenue bonds, mortgage-backed securities, State and federal tax credits, and State and federal funds to finance or provide funding to projects and programs throughout the State. About two-thirds of these funds are nonbudgeted revenue bonds, securities, or tax credits, down from about 75% in fiscal 2017, reflecting a decline in the value of low-income housing tax credits.

Funding is used as follows:

- ***Rental Housing Development:*** About \$437.7 million, or 35.2%, of DHCD funding in fiscal 2018 was used for the development of affordable rental housing. Nonprofits and for-profit developers and owners may access tax credits and below-market rate loans to help finance multifamily housing projects serving low-income families. Some loans are also available to local governments. Federal low-income housing tax credits are a crucial part of the financing for these projects. The loans are funded with State-appropriated rental housing funds, federal Home Investment Partnership Program funds, and the nonbudgeted proceeds of tax-exempt and taxable bonds.
- ***Homeownership and Special Needs Housing:*** About \$397.3 million, or 32%, of fiscal 2018 DHCD funding was used for homeownership and special needs housing programs. Those who meet certain income criteria can access loans with zero interest rates for down payment and settlement expenses to buy homes through programs like the Maryland Mortgage Program and the Down Payment and Settlement Expense Loan Program. Other single-family program activities support grants and loans for lead hazard reduction, indoor plumbing improvements, overall rehabilitation, and group home projects.
- ***Rental Services:*** Rental housing support also includes administration of State and federal rental subsidy programs, including the federal Section 8 Performance Based Contract Administration and Housing Choice Voucher programs. Under these programs, DHCD provides rental assistance to low-income households through owners of covered units, local governments, or nonprofit subcontractors and monitors facilities across the State for compliance with Section 8 requirements under a contract with the U.S. Department of Housing and Urban Development (HUD). DHCD used \$239.9 million, or 19.3%, of its funding and financing for rental services programs in fiscal 2018.

**Exhibit 1**  
**Sources and Uses of DHCD's Operating and Capital Budgets**  
**Budgeted and Nonbudgeted Funds**  
**Fiscal 2018**  
**(\$ in Millions)**



DHCD: Department of Housing and Community Development

Source: Department of Housing and Community Development

- ***Neighborhood Revitalization:*** In fiscal 2018, about \$78.8 million, or 6.3%, of the agency's expenditures were neighborhood revitalization-related activities. Local governments, community development nonprofits, and others involved in improving communities may access grants, below-market rate loans, and technical assistance and training. Funds are used for projects such as streetscape and facade improvements, recreational amenities, and improvement of public spaces. Other programs provide funding for small business startups and expansions as well as demolition of derelict buildings, site acquisition, assembly, and development. In fiscal 2018, this division added several homelessness programs, which were transferred from the Department of Human Services (DHS).
- ***Local Government Finance and Business Lending:*** In fiscal 2018, about \$53.5 million, or 4.3%, of the agency's financing was related to providing financing to small businesses through the Neighborhood BusinessWorks Program and the Local Government Infrastructure Finance Program.
- ***Housing Energy Efficiency:*** In fiscal 2018, about \$36.1 million, or 2.9%, of the agency's financing was related to improving energy efficiency in housing. The two largest energy efficiency programs are the Low Income Energy Efficiency Program (LIEEP), which allows low-income households to install energy conservation materials in their homes at no charge, and the federally funded Energy Efficiency Community Block Grant Program.

The department's programs are administered through three operating divisions: the Division of Development Finance, which includes the Community Development Administration (CDA); the Division of Neighborhood Revitalization; and the Division of Credit Assurance, which includes the Maryland Housing Fund's mortgage insurance activities. CDA issues nonbudgeted tax-exempt and taxable bonds and mortgage-backed securities that are a major source of DHCD revenues.

DHCD has three administrative support units: the Office of the Secretary, the Division of Information Technology, and the Division of Finance and Administration.

## **Performance Analysis: Managing for Results**

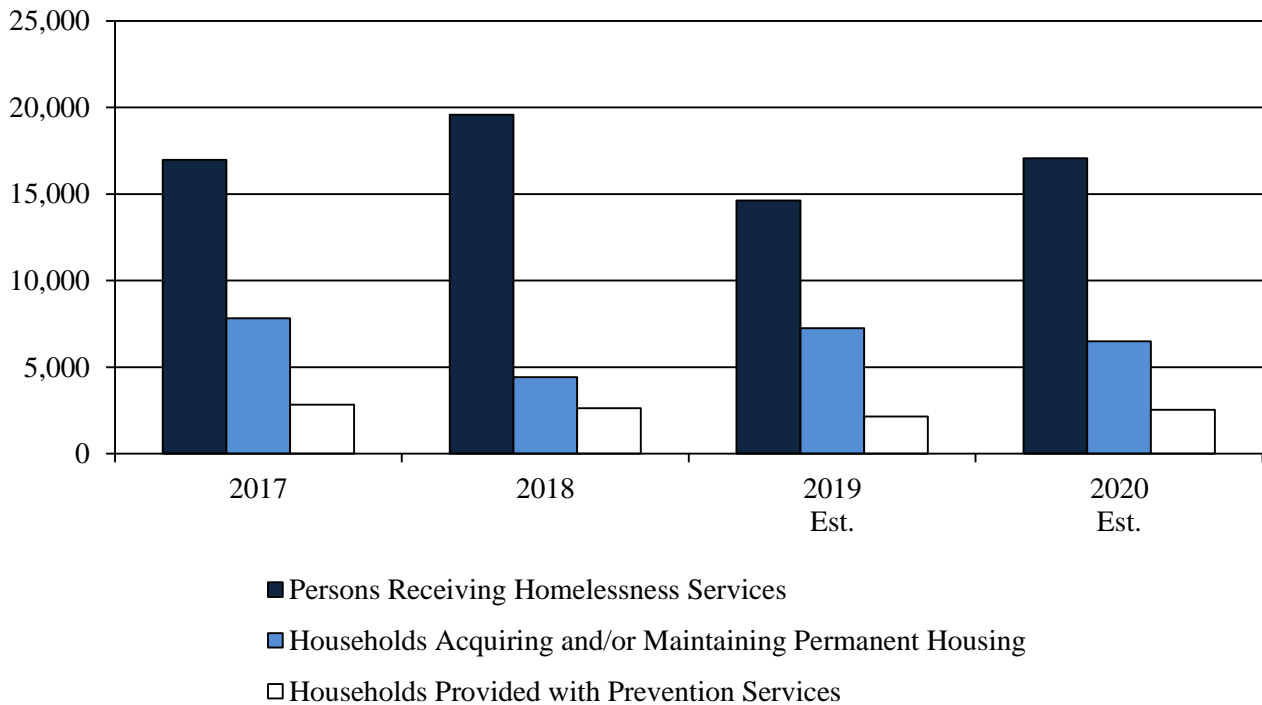
### **1. Homelessness Services Programs Provide Assistance to More People**

Chapter 105 of 2017 transferred the Bureau of Homeless Services from DHS to DHCD in July 2017. The move consolidated almost all of the State's homeless services programs at DHCD.

As shown in **Exhibit 2**, DHCD provided assistance to nearly 20,000 people who were homeless or were at risk of homelessness in fiscal 2018. The Managing for Results data includes efforts for the homelessness programs that were at DHS in fiscal 2017 prior to the merge. The department helped more than 4,400 households acquire or maintain permanent housing in fiscal 2018 and provided more than 2,600 households with homelessness prevention services. The department is estimating a decline

in the number of people it will serve in fiscal 2019 not necessarily due to a reduction in services but because it believes some prior data may have double-counted people as services were being provided at both DHS and DHCD.

**Exhibit 2**  
**Homeless or At-risk of Homelessness Served**  
**Fiscal 2017-2020 Est.**

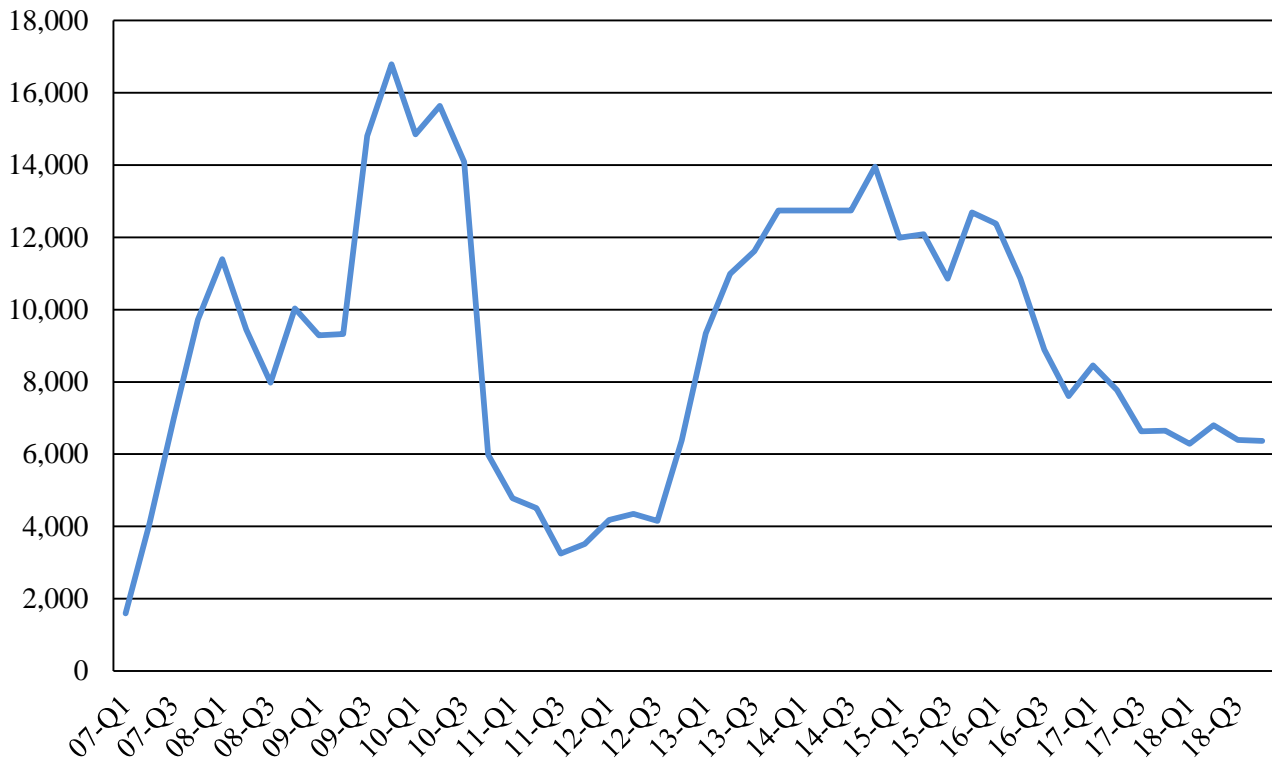


Source: Governor's Fiscal 2020 Budget Books

## **2. Foreclosures and Foreclosure Assistance Decline**

Consistent with national trends, the rate of foreclosures in Maryland has declined significantly in recent years. **Exhibit 3** shows foreclosure events in Maryland since 2007. The housing crisis of the late 2000s led to a spike in foreclosures, followed by a steep decline in part caused by legislation requiring foreclosure mediation. Since the end of calendar 2014, foreclosures have declined by more than 50%.

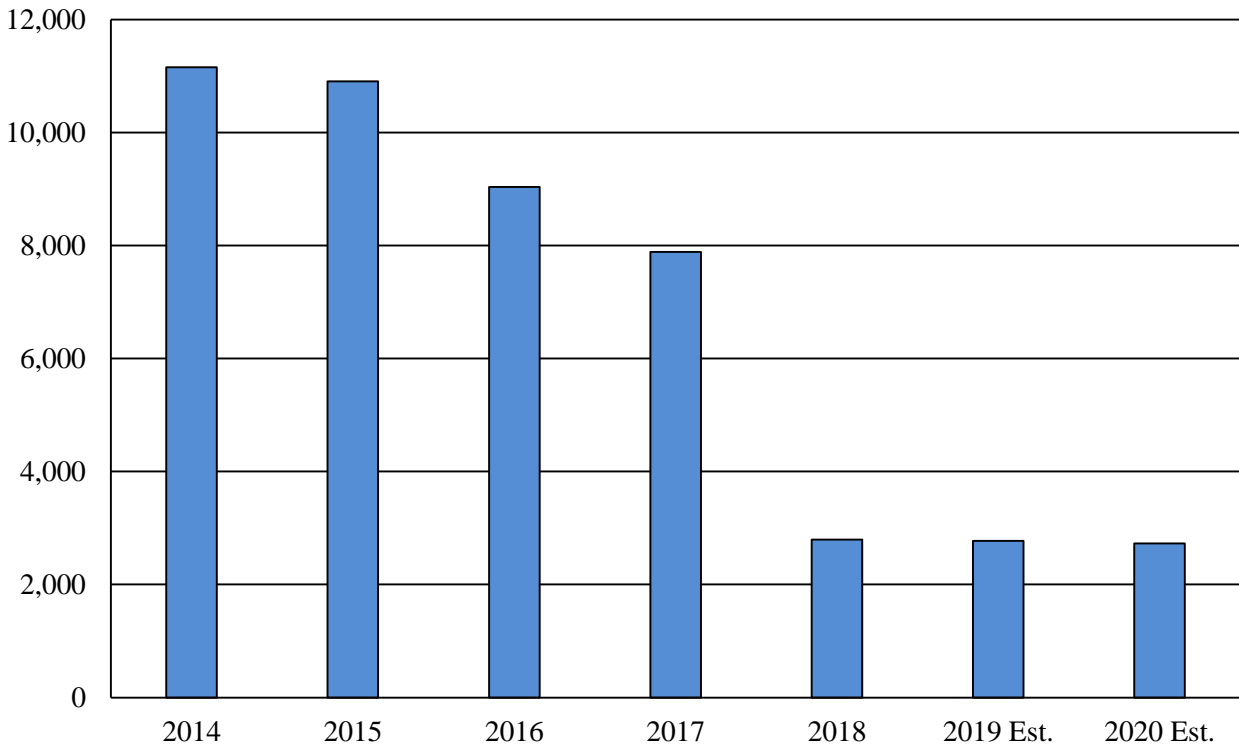
**Exhibit 3**  
**Foreclosure Events**  
**Calendar 2007-2018**



Source: Department of Housing and Community Development

Along with that decline, DHCD has also seen a decline in the number of people provided with foreclosure prevention or mitigation counseling. Relatedly, funding for DHCD's Foreclosure Counseling Program declines by about \$2 million in the fiscal 2020 allowance. Funds for the program are generated by foreclosure filing fees. As shown in **Exhibit 4**, foreclosure counseling, pre-purchase counseling, and financial education was provided to less than 2,800 people in fiscal 2018, a 65% drop from the prior year.

**Exhibit 4**  
**Foreclosure Assistance**  
**Fiscal 2014-2020 Est.**



Source: Governor's Fiscal 2020 Budget Books

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## **Fiscal 2019 Actions**

### **Proposed Deficiency**

There are two fiscal 2019 special fund deficiency appropriations for DHCD in the fiscal 2020 Budget Bill. The first adds \$2.6 million in funding from EmPOWER Maryland for housing and building energy programs due to the department being awarded a new round of funding for the program by the Public Service Commission. The budget also includes a \$300,000 special fund deficiency appropriation for the Maryland Affordable Housing Trust (MAHT) due to additional fund availability. A portion of the interest generated by title company escrow accounts provides the funding for MAHT.

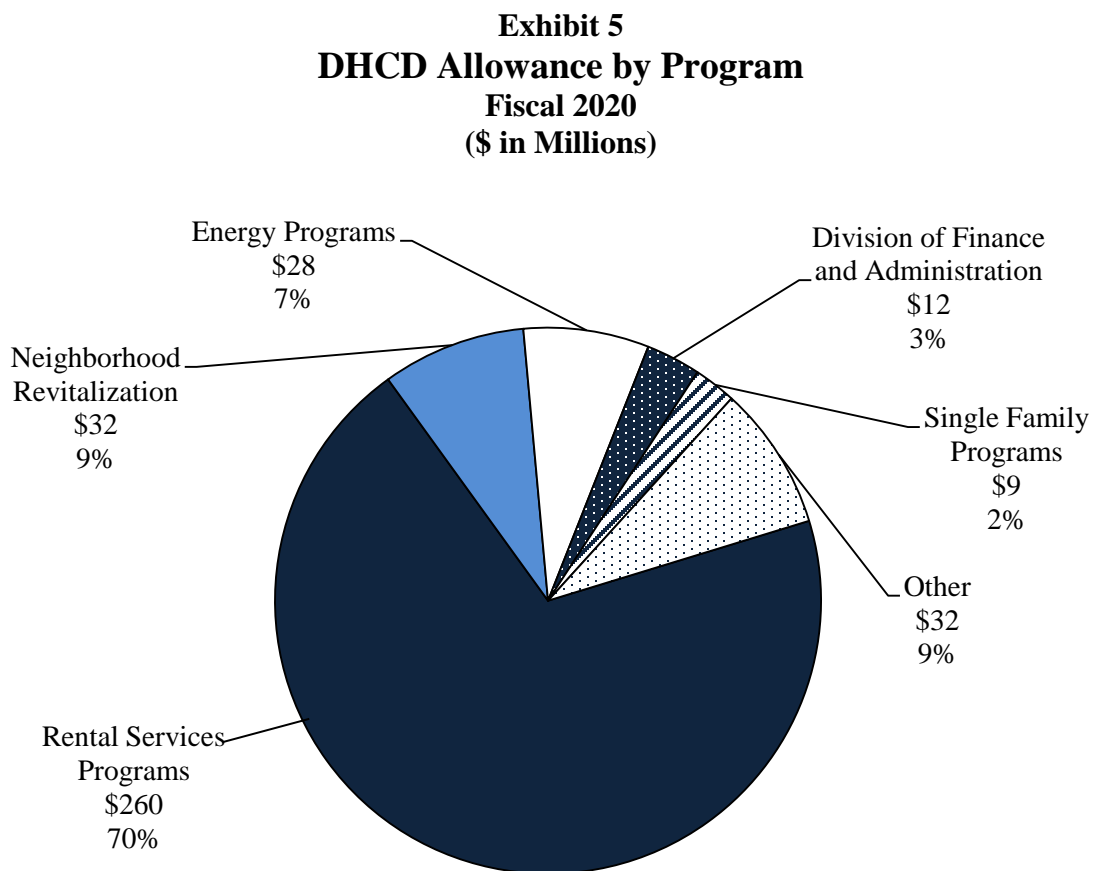


The fiscal 2020 budget also includes fiscal 2019 deficiency appropriations for the 0.5% general salary increase and one-time \$500 bonus. The DHCD share of these amounts is \$176,678 for the bonus and \$39,735 for the salary increase.

## **Fiscal 2020 Allowance**

### **Overview of Agency Spending**

As shown in **Exhibit 5**, the fiscal 2020 allowance is dominated by the Rental Services Program, which accounts for \$260.3 million of the \$374.2 million allowance. The primary purpose of the program is to monitor low-income housing across the State for compliance with Section 8 requirements under a contract with HUD.



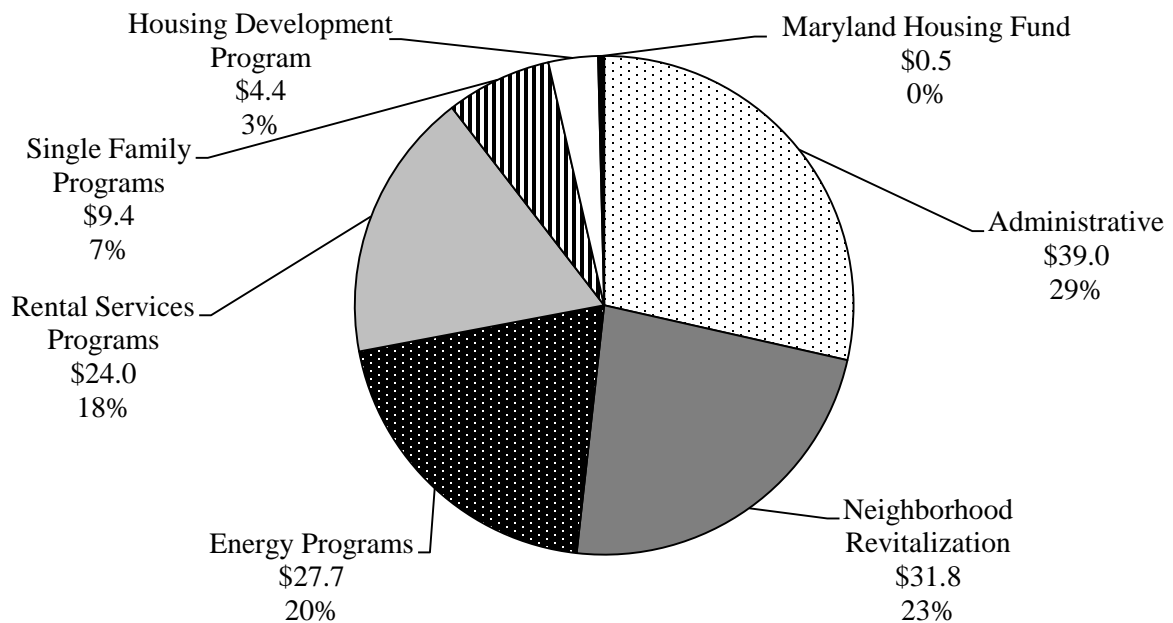
DHCD: Department of Housing and Community Development

Source: Governor's Fiscal 2020 Budget Books

To get a more detailed picture of DHCD’s fiscal 2020 allowance, **Exhibit 6** removes the \$236.4 million allowance for the Section 8 contract. Neighborhood Revitalization, which includes homelessness programs, accounts for \$31.8 million, or 23%, of the non-Section 8 contract allowance.

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**Exhibit 6**  
**DHCD Allowance by Program**  
**Fiscal 2020, Excluding Section 8 Administration Contract**  
**(\$ in Millions)**



DHCD: Department of Housing and Community Development

Source: Governor’s Fiscal 2020 Budget Books

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## Proposed Budget Change

As shown in **Exhibit 7**, the fiscal 2020 allowance increases by \$3.5 million. General funds increase by \$1.4 million, a 12.1% increase over the working appropriation.

**Exhibit 7**  
**Proposed Budget**  
**Department of Housing and Community Development**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
Fiscal 2018 Actual	\$9,886	\$70,158	\$268,608	\$5,372	\$354,025
Fiscal 2019 Working Appropriation	11,414	72,086	279,511	7,752	370,762
Fiscal 2020 Allowance	<u>12,796</u>	<u>72,908</u>	<u>281,531</u>	<u>7,008</u>	<u>374,243</u>
Fiscal 2019-2020 Amount Change	\$1,382	\$822	\$2,020	-\$744	\$3,481
Fiscal 2019-2020 Percent Change	12.1%	1.1%	0.7%	-9.6%	0.9%

### Where It Goes:

#### Personnel Expenses

Regular earnings including annualization of the 2% fiscal 2019 general salary increase .....	\$1,240
General salary increase (3%) and annualization of fiscal 2019 0.5% increase .....	997
Employees' retirement system contributions .....	509
Employee and retiree health insurance .....	325
Turnover rate reduced from 6.33% to 6.26% .....	114
Social Security contributions .....	89
Fiscal 2019 one-time \$500 bonus .....	-177
Miscellaneous adjustments .....	-342
Other fringe benefit adjustments .....	9

#### Rental Assistance

Rental Services Program administration to align with prior year actuals .....	857
Section 811 Project Rental Assistance demonstration project .....	800
Reimbursable funds for Housing Opportunities for People with HIV/AIDS .....	150
Reimbursable funds for Rental Allowance Program .....	-200
Rental assistance for crime victims from GOCCP .....	-451
Section 8 Voucher Program .....	-1,140

**Where It Goes:**

**Other Changes**

EmPOWER Maryland single-family energy-efficiency programs .....	2,568
Homelessness programs.....	860
Section 8 contract administration .....	837
Information technology.....	234
Circuit Rider Program.....	-500
Reimbursable funds for Lead Paint Program.....	-1,142
Foreclosure mediation counseling and assistance.....	-1,995
Other changes .....	-161
<b>Total</b>	<b>\$3,481</b>

GOOCP: Governor's Office of Crime Control and Prevention

Note: Numbers may not sum to total due to rounding.

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**Personnel**

Personnel costs represent the largest share of the increase in the fiscal 2020 allowance compared to the working appropriation. Regular earnings, including the annualization of the fiscal 2019 general salary increase, grow by \$1.2 million, and the fiscal 2020 3% salary increase combined with the 0.5% fiscal 2019 salary increase annualization combine to increase the fiscal 2020 allowance by nearly \$1 million.

**Homelessness**

Funding for homelessness programs increases by approximately \$860,000, with a nearly \$1 million increase in general funds offset by a reduction in special funds. DHCD's homelessness efforts are discussed later in this analysis.

**Energy Efficiency Programs**

Funding for single-family energy efficiency programs increases by approximately \$2.6 million in the fiscal 2020 allowance. Of that, \$1 million is reimbursable funds from DHS for the Maryland Energy Assistance Program, which provides home energy bill assistance to low-income households. The remainder is comprised of funding from EmPOWER Maryland to operate LIEPP, which helps low-income households fund the installation of energy conservation materials in their homes at no charge. Some of the additional funding will go toward the Maryland Energy Efficiency Tune-Up Program, which is intended to extend the life of the energy efficiency equipment installed for LIEPP participants.

## **Healthy Homes for Healthy Kids**

Funding for the Healthy Homes for Healthy Kids Program, which is intended to assist families affected by lead poisoning, declines by \$1.1 million. Fiscal 2019 was the first year of funding for the program, which received a total of \$4.2 million from the Maryland Department of Health, \$3.7 million of which is in the operating budget. Funding is being used to remove lead from homes where a child lives or spends time. The program pays for weatherization contractors, fees, local weatherization agencies, and DHCD administrative costs. State support for the initiative remains the same in fiscal 2020, but the amount of federal matching funds is falling.

## **Circuit Rider Program**

DHCD's Maryland Town Manager Circuit Rider grant program provides funds to small municipalities to form consortiums and hire public administration professionals who serve on a part-time basis in several towns. The fiscal 2019 working appropriation included \$500,000 for this program and is the first year of funding. The fiscal 2020 allowance does not include funding for the program, but the department states that it hopes to have funding added by budget amendment.

## Issues

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### 1. Homelessness Reorganization Results in Funding Changes

Chapter 105 transferred the Bureau of Homeless Services from DHS to DHCD on July 1, 2017. The move consolidated almost all of the State’s homeless services programs at DHCD. Including personnel, funding for homelessness programs at the department grows to \$10.9 million in the fiscal 2020 allowance from \$10.4 million in the working appropriation. The increase is comprised of a \$936,000 increase in general funds, offset by a \$454,000 decrease in special funds.

#### Grant Consolidation

Prior to the merger of DHS and DHCD programs, the departments offered the following array of homelessness services programs:

- ***Emergency Solutions Grant Program:*** Federally funded program – with a State match – that supports emergency shelter operations, street outreach, rapid rehousing, and prevention.
- ***Rental Allowance Program:*** The Rental Allowance Program provides grants to local governments to provide rental assistance to households experiencing homelessness or at risk of homelessness.
- ***Families First Program:*** Pilot program in Prince George’s County to rapidly rehouse veterans with children. (This grant program is not funded in the fiscal 2020 allowance as the funding match ended.)
- ***Youth Reach Out, Engage, Assist, and Counter to End Homelessness Count:*** Pilot program to develop best practices for determining the number of homeless unaccompanied youth and young adults.
- ***Emergency and Transitional Housing and Services Program:*** Provides funding to 24 local administering agencies (LAA) to support operations and eviction prevention.
- ***Homeless Women – Crisis Shelter Home Program:*** Provides funding to 13 LAAs for operations of family or domestic violence shelters.
- ***Housing Counselor Program (Housing Navigator Program):*** Grant to five counties to pay for a staff position to assist people moving out of emergency shelters.
- ***Service-linked Housing Program:*** Grant to pay for 13 staff positions to assist previously homeless families maintain permanent housing.

- ***Maryland Interagency Council on Homelessness:*** The Interagency Council on Homelessness coordinates State policy and working relationships among State, local, and nonprofit agencies working to prevent homelessness.
- ***Shelter and Transitional Housing Facilities Grant Program (Funded with General Obligation Bonds in the Capital Budget):*** Provides financing to nonprofits and local governments for construction, acquisition, and rehabilitation of housing for households experiencing homelessness.

In an effort to streamline the department's efforts and to ease the application process for grantees, DHCD has merged Emergency Solutions Grants, the Rental Allowance Program, Emergency and Transitional Housing and Services (capital), Housing Navigator, Service-linked Housing, and Homeless Women – Crisis Shelter Home programs into the Homelessness Solutions Program (HSP). Continuums of Care (COC), the local organizations through which DHCD provides homelessness services, now must only fill out one application for State funding. However, several individual programs are defined in statute and are therefore budgeted separately. **DHCD should comment on potential legislation to codify existing practice.**

### **Funding Changes**

In creating HSP, the department also altered how it determines awards for grantees. This has led to a shift in how funding is allocated across the State. **Exhibit 8** shows the change by county between fiscal 2018 and 2019 funding. While overall HSP grant funding increased by 4.7%, total awards in Cecil and Prince George's counties declined. According to DHCD, the changes were due to typical variation from competitive grant scoring. In Prince George's County, it was due to making youth-focused funding more competitive in the State.

**Exhibit 8**  
**Homelessness Solutions Program**  
**Fiscal 2018-2019**

<u>Continuum of Care</u>	<u>2018</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Allegany	\$231,589	\$240,442	\$8,853	3.8%
Anne Arundel	388,587	419,337	30,750	7.9%
Baltimore City	2,074,803	2,155,255	80,452	3.9%
Baltimore County	517,184	562,111	44,927	8.7%
Carroll	321,113	334,762	13,649	4.3%
Cecil	229,938	220,589	-9,349	-4.1%
Frederick	393,350	409,498	16,148	4.1%
Garrett	206,035	211,126	5,091	2.5%
Harford	331,199	359,590	28,391	8.6%
Howard	247,174	255,525	8,351	3.4%
Lower Shore	602,484	629,433	26,949	4.5%
Mid-Shore	824,602	854,368	29,766	3.6%
Montgomery	502,612	603,896	101,284	20.2%
Prince George's	752,628	713,577	-39,051	-5.2%
Southern Maryland	776,988	823,256	46,268	6.0%
Washington	324,359	339,942	15,583	4.8%
<b>Total</b>	<b>\$8,724,645</b>	<b>\$9,132,707</b>	<b>\$408,062</b>	<b>4.7%</b>

Source: Department of Housing and Community Development

In addition to altering funding, the department has also changed its requirements for grantees to conform to evidence-based national best practices. The overall goal of HSP is to pursue a “housing first” strategy, which was originally adopted by HUD and the U.S. Department of Veterans Affairs as part of their homelessness programs. The approach aims to quickly connect individuals and families experiencing homelessness to permanent housing without barriers to entry. In keeping with this strategy, DHCD now requires that HSP grantees not require sobriety, participation in drug treatment or support groups, referrals from another organization or provider, identification, or payment. This has resulted in a shift in funding, as some homelessness service providers lose State funding while others see an increase or new grantees get State funding. The grants provided by DHCD through HSP are a mixture of formula and competitive awards, and the new application highly prioritizes moving individuals out of homelessness and into permanent housing as quickly as possible and providing emergency shelter, which account for 45 points out of the possible 85 points a COC can earn when applying for an HSP grant. **DHCD should comment on the impact of the shift to a housing first strategy, including the impact on the geographic distribution of funding in the State.**



## **Ending Youth Homelessness Act**

Chapter 748 of 2018, or the Ending Youth Homelessness Act, established the Ending Youth Homelessness Grant Program within DHCD in order to prevent and end youth homelessness in the State and address disparities based on race, ethnicity, sexual orientation, and gender identity. The law also establishes an Ending Youth Homelessness Grant Fund but does not mandate a funding amount or a funding source. While the fiscal 2020 allowance does include an increase of just under \$1 million in general funds, the budget does not specify any amount of funding for the implementation of Chapter 748. **DHCD should comment on its plans for implementation of the Ending Youth Homelessness Act.**

## ***Operating Budget Recommended Actions***

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1. Concur with Governor's allowance.

**Appendix 1**  
**Current and Prior Year Budgets**  
**Department of Housing and Community Development**  
**(\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2018</b>					
Legislative Appropriation	\$4,546	\$75,659	\$279,640	\$2,165	\$362,010
Deficiency/Withdrawn Appropriation	-5	93	-86	0	2
Cost Containment	0	0	0	0	0
Budget Amendments	5,346	3,000	0	5,264	13,610
Reversions and Cancellations	-1	-8,595	-10,946	-2,057	-21,598
<b>Actual Expenditures</b>	<b>\$9,886</b>	<b>\$70,158</b>	<b>\$268,608</b>	<b>\$5,372</b>	<b>\$354,025</b>
<b>Fiscal 2019</b>					
Legislative Appropriation	\$11,691	\$69,037	\$279,404	\$4,085	\$364,217
Budget Amendments	-280	-19	60	3,667	3,428
<b>Working Appropriation</b>	<b>\$11,411</b>	<b>\$69,019</b>	<b>\$279,464</b>	<b>\$7,752</b>	<b>\$367,646</b>

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. Numbers may not sum to total due to rounding.

## **Fiscal 2018**

The Department of Housing and Community Development's (DHCD) fiscal 2018 actual spending was approximately \$8 million less than the legislative appropriation.

### **General Funds**

The general fund appropriation increased by \$5.3 million, primarily due to a \$5.2 million amendment to move homelessness prevention programs from the Department of Human Services (DHS) to DHCD. Another amendment added \$125,000 to the Rental Allowance Program.

### **Special Funds**

The special fund appropriation decreased by \$5.5 million compared to the legislative appropriation.

An amendment increased the appropriation by \$3.0 million for Housing and Building Energy Programs due to an increase in money available from the Strategic Energy Investment Fund, and a deficiency appropriation in the fiscal 2019 Budget Bill increased the appropriation by \$415,606. A withdrawn appropriation in Section 19 of the fiscal 2019 Budget Bill due to a surplus in the health insurance account reduced the special fund appropriation by \$322,263.

DHCD canceled \$8.6 million in special funds for the following reasons:

- \$3.1 million due to reduced spending in energy efficiency programs, including those funded by EmPOWER (slow start up of activities) and by the Regional Greenhouse Gas Initiative (reduced funds available);
- \$1.05 million due to the cancellation of a major information technology (IT) project;
- \$822,741 in reduced spending in Single Family Housing due to unneeded funds for a software vendor and reduced Maryland Affordable Housing Trust grant awards;
- \$739,874 in Neighborhood Revitalization due to reduced revenues to the Maryland Housing Counseling Fund;
- \$712,937 in administration due to realigned rent costs and other lower than expected miscellaneous contractual costs;
- \$665,535 in lower than expected IT costs;
- \$641,698 in lower than expected personnel costs; and
- approximately \$860,000 in miscellaneous costs lower than budgeted.

## **Federal Funds**

The federal fund appropriation decreased by \$11.0 million compared to the legislative appropriation. DHCD canceled \$10.9 million in federal funds for the following reasons:

- \$8 million due to lower Section 8 housing contract administration activity;
- \$871,761 due to lower than expected activity in the Weatherization Assistance Program;
- \$837,141 in administration due to lower than expected miscellaneous contractual costs; and
- approximately \$1.2 in miscellaneous costs that were lower than budgeted.

In addition, Section 19 of the fiscal 2019 Budget Bill reduced the federal fund appropriation by \$85,760.

## **Reimbursable Funds**

Reimbursable funds were approximately \$3.2 million higher than the legislative appropriation.

Amendments increased the reimbursable fund appropriation by \$5.3 million. The amendments were:

- \$3.5 million for the New Futures Rental Subsidy Program to provide rental assistance vouchers to victims of sexual assault, domestic violence, or sex trafficking. The effort will be administered as a part of DHCD's existing Rental Allowance Program. The funds are from the Governor's Office on Crime Control and Prevention. However, nearly \$1.3 million of this amount was subsequently canceled due to lower than expected activity in the program.
- \$750,000 from the Maryland Energy Administration to increase funding for the Maryland Energy Assistance Program.
- \$1.2 million from DHS for increased funding for homelessness prevention services.

In addition to the \$1.3 million cancellation noted above, the department also canceled approximately \$500,000 in funds intended for lead paint abatement grants due to lower than expected activity as well as another \$300,000 due to miscellaneous reduced expenditures.

## **Fiscal 2019**

The fiscal 2019 working appropriation increases by \$3.4 million compared to the legislative appropriation.

*S00A – Department of Housing and Community Development*

One amendment transferred the funding for the Maryland Building Codes Administration from DHCD to the Department of Labor, Licensing and Regulation. The amendment totaled \$323,200 in general funds and \$240,000 in special funds. Another amendment transferred \$40,000 in general funds from the State Reserve Fund to DHCD's homelessness program to provide a grant to Laurel Advocacy and Referral Services. An additional \$221,330 in special funds, \$59,743 in federal funds, and \$3,604 in general funds were added by budget amendment for the centrally budgeted general salary increase.

A reimbursable fund amendment added \$3.7 million to the Single Family Housing Program for the Healthy Homes for Healthy Kids Program to help families with lead poisoning. The funds are from the Maryland Department of Health.

**Appendix 2**  
**Object/Fund Difference Report**  
**Department of Housing and Community Development**

<u>Object/Fund</u>	<u>FY 18 Actual</u>	<u>FY 19 Working Appropriation</u>	<u>FY 20 Allowance</u>	<u>FY 19 - FY 20 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	333.00	331.00	331.00	0.00	0%
02 Contractual	74.07	95.40	95.00	-0.40	-0.4%
<b>Total Positions</b>	<b>407.07</b>	<b>426.40</b>	<b>426.00</b>	<b>-0.40</b>	<b>-0.1%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 34,288,034	\$ 34,835,788	\$ 36,780,008	\$ 1,944,220	5.6%
02 Technical and Special Fees	4,992,351	4,796,445	5,401,661	605,216	12.6%
03 Communication	213,152	291,058	238,126	-52,932	-18.2%
04 Travel	250,620	381,667	351,067	-30,600	-8.0%
06 Fuel and Utilities	317,993	200,000	200,000	0	0%
07 Motor Vehicles	176,760	151,338	272,630	121,292	80.1%
08 Contractual Services	26,242,291	24,888,019	27,393,398	2,505,379	10.1%
09 Supplies and Materials	183,497	313,550	249,550	-64,000	-20.4%
10 Equipment – Replacement	549,289	454,355	454,355	0	0%
11 Equipment – Additional	22,926	125,000	136,500	11,500	9.2%
12 Grants, Subsidies, and Contributions	281,797,162	296,169,317	296,581,378	412,061	0.1%
13 Fixed Charges	4,716,849	5,039,011	5,147,770	108,759	2.2%
14 Land and Structures	274,278	0	0	0	0.0%
<b>Total Objects</b>	<b>\$ 354,025,202</b>	<b>\$ 367,645,548</b>	<b>\$ 373,206,443</b>	<b>\$ 5,560,895</b>	<b>1.5%</b>
<b>Funds</b>					
01 General Fund	\$ 9,886,140	\$ 11,411,214	\$ 12,784,123	\$ 1,372,909	12.0%
03 Special Fund	70,158,238	69,018,710	72,113,795	3,095,085	4.5%
05 Federal Fund	268,608,375	279,463,957	281,300,483	1,836,526	0.7%
09 Reimbursable Fund	5,372,449	7,751,667	7,008,042	-743,625	-9.6%
<b>Total Funds</b>	<b>\$ 354,025,202</b>	<b>\$ 367,645,548</b>	<b>\$ 373,206,443</b>	<b>\$ 5,560,895</b>	<b>1.5%</b>

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.

**Appendix 3**  
**Fiscal Summary**  
**Department of Housing and Community Development**

<u>Program/Unit</u>	<u>FY 18 Actual</u>	<u>FY 19 Wrk Approp</u>	<u>FY 20 Allowance</u>	<u>Change</u>	<u>FY 19 - FY 20 % Change</u>
20 Office of the Secretary	\$ 7,594,313	\$ 11,450,209	\$ 11,779,609	\$ 329,400	2.9%
22 Division of Credit Assurance	6,772,561	6,712,497	6,530,586	-181,911	-2.7%
24 Division of Neighborhood Revitalization	34,019,184	33,675,897	31,786,472	-1,889,425	-5.6%
25 Division of Development Finance	292,044,577	301,020,691	307,027,024	6,006,333	2.0%
26 Division of Information Technology	2,881,266	3,727,123	4,018,260	291,137	7.8%
27 Division of Finance and Administration	10,713,301	11,059,131	12,064,492	1,005,361	9.1%
<b>Total Expenditures</b>	<b>\$ 354,025,202</b>	<b>\$ 367,645,548</b>	<b>\$ 373,206,443</b>	<b>\$ 5,560,895</b>	<b>1.5%</b>
General Fund	\$ 9,886,140	\$ 11,411,214	\$ 12,784,123	\$ 1,372,909	12.0%
Special Fund	70,158,238	69,018,710	72,113,795	3,095,085	4.5%
Federal Fund	268,608,375	279,463,957	281,300,483	1,836,526	0.7%
<b>Total Appropriations</b>	<b>\$ 348,652,753</b>	<b>\$ 359,893,881</b>	<b>\$ 366,198,401</b>	<b>\$ 6,304,520</b>	<b>1.8%</b>
Reimbursable Fund	\$ 5,372,449	\$ 7,751,667	\$ 7,008,042	-\$ 743,625	-9.6%
<b>Total Funds</b>	<b>\$ 354,025,202</b>	<b>\$ 367,645,548</b>	<b>\$ 373,206,443</b>	<b>\$ 5,560,895</b>	<b>1.5%</b>

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.