

**Testimony to the Senate Budget and Taxation Committee  
SB192 – Budget Reconciliation and Financing Act of 2020**

**Position: Oppose**

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Dear Chairman Guzzone and Members of the Budget & Taxation Committee:

On behalf of MHP, I urge the committee to reject the proposals in SB192 – Budget Reconciliation and Financing Act of 2020, which would eliminate funding for and repeal the establishment of the National Capital Strategic Economic Development Program; and cut in half funding for the Seed Community Development Anchor Institution Fund and remove the funding mandate.

By way of background, MHP is a non-profit housing provider with apartment communities located throughout Montgomery and Prince George’s Counties. Our primary mission is to preserve and expand quality affordable housing; however, we take a comprehensive approach to developing affordable housing that integrates three things: housing people; empowering families; and strengthening neighborhoods.

We were troubled to learn that the Governor’s budget has proposed defunding two program funds within DHCD that have a demonstrated ability to deliver affordable housing and revitalize blighted areas in our state: the National Capital Strategic Economic Development Fund, aka NED, and the Seed Community Development Anchor Institution Fund.

We are particularly concerned with the language in SB192 that proposes to eliminate funding for NED. The NED supports predevelopment activities for residential as well as commercial development projects. With respect to residential development, NED supports a wide range of uses, including site acquisition, engineering and design, and rehab of single-family homes. Affordable housing is rife with risks, especially in urban areas where the costs are higher, and the NED program helps mitigate against these risks. MHP has firsthand experience with the positive impact NED has on making projects a reality. In 2018, MHP received funding to support the rehabilitation of an apartment community in Silver Spring, and construction is expected to finally begin later this year. Predevelopment dollars are especially hard to come by and are essential to preserving existing affordable housing, which is inherently more risky than new construction.

The potential defunding of NED couldn’t come at a worse time. As you may know, the Purple Line light rail project is under active construction in both Montgomery and Prince George’s Counties. We know from the experience of other cities across the country that large infrastructure projects can lead to displacement of existing residents and have a negative impact on housing affordability if there is not a concerted effort to mitigate market disruptions. Incidentally, we are already seeing evidence that rents in the Purple Line corridor

are increasing faster than outside the corridor. The NED represents a critical resource for the two counties as we strive to create a mix of affordable housing options in the corridor and avoid the mistakes of other communities.

Beyond residential development, NED helps to support commercial redevelopment for areas in need of revitalization. For example, funds have been used to support façade improvements for small businesses, as well as public infrastructure projects that improve the curb appeal of businesses. These types of improvements help small businesses compete in today's economy.

When we learned of the Governor's proposed budget, we were in conversations with Montgomery County Government about submitting a NED funding application to improve the streetscape in the Long Branch area of Silver Spring, which is home to many small businesses. It has been more than 40 years since the streetscape was last rebuilt, and it shows its age. Tree boxes are missing trees, streetlighting is inadequate, and what trees do exist haven't been properly maintained. Long Branch is one of the many stops along the Purple Line, so it is poised to create new economic opportunities for these small, disadvantaged businesses. That said, the current streetscape does little to invite those passing through the area to patronize the local businesses. Without the resources NED provides, these types of projects simply don't happen, and older business districts struggle to attract and retain customers.

In sum, NED is critical to ensuring that we maintain a diverse mix of affordable housing options in the Purple Line corridor and to positioning small businesses to reap the benefits of the public investment in the Purple Line. We urge you in the strongest possible terms to restore funding to NED and SEED, and to make the following changes to SB192.

1. On page 5 delete in their entirety lines 5 through 8.
2. On page 18 delete in their entirety lines 9 through 16.

Thank you for considering our views on the matter.

Submitted by Robert Goldman, President of MHP