



Testimony HB 1224
Appropriations Committee
February 27, 2023
Position: FAVORABLE

Dear Chairman Barnes and Members of the House Appropriations Committee:

The Community Development Network of Maryland (CDN) is the voice for Maryland’s community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland’s urban, suburban and rural communities.

HB 1224 creates a permanent funding source for the Community Development Fund which was created in 2018. The funding is critical operating dollars for community-based organizations to use for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. We are seeking \$5 million from the Unclaimed Property Fund after usual disbursements have been made.

Each year our members rely on funding from the Capital Budget, including Community Legacy, Baltimore Regional Neighborhood Initiative (BRNI), National Capital Strategic Economic Development Fund (NED) and Rental Housing Programs, to complete a wide variety of projects including development of rental housing, home ownership and community revitalization throughout the state of Maryland. The operating funds to support these capital commitments is simply not enough to sustain organizations work.

The last four years have been especially challenging. According to researchers from the National Alliance of Community Economic Development Associations (NACEDA) many organizations are experiencing financial stress—operating margins and net incomes are declining, on average. A third of community-based development organizations (CBDO) have experienced financial disruptions and insolvency. Further, the report found that a disproportionate amount of the sector’s resources is concentrated in a few of the larger organizations, and those larger organizations tend to be more stable financially. Smaller CBDOs own fewer assets than large CBDOs and are more likely than larger organizations to experience negative net income and cannot afford lines of credit.

These national trends are in line with the experiences of organizations in the state of Maryland. The proposed Community Development Fund would complement substantial increases in the

Governor's proposed capital budget for Baltimore Regional Neighborhood Initiative (BRNI), National Capital Strategic Economic Development Fund (NED,) Strategic Demolition as well as funds for Rental Housing production. While program funding and impact investments power some innovative aspects of community development, these non-profits need funding for operating costs if they, and their work, are to survive. Our state's progress on everything from affordable housing and family wealth-building to health, climate and jobs depends on it.

Please vote a favorable report for HB 1224.

Submitted by Claudia Wilson Randall, Executive Director, Community Development Network