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DATE: February 29, 2024
BILL NO.: Senate Bill 704
TITLE: Appraisal Gap from Historic Redlining Financial Assistance Program – Alterations
COMMITTEE: Senate Education, Energy, and the Environment Committee

Letter of Support

I'm writing to express my support for SB 704. The Community Development Administration finances the production of approximately 4,000 rental housing units a year, and we assist thousands of homeowners through a range of downpayment assistance programs. Our team has a tremendous amount of experience producing housing and creating programs that promote homeownership. As a part of our efforts, and in conjunction with the Appraisal Gap from Historic Redlining Financial Assistance Program (SB 859/HB1239), the Department has created a program called UPLIFT, which stands for Utilizing Progressive Lending Investments to Finance Transformation.

The primary goal for UPLIFT is to increase property values and provide wealth-building homeownership opportunities for targeted households by accelerating the pace of development, construction, and sale of quality affordable housing in low-income census tracts and designated Sustainable Communities. This program is designed to help close the appraisal gap that occurs in historically redlined communities.

Ensuring these critical resources stay in the community is crucial to these efforts. Hence, the ability to transfer financial support to homeowners once the property has been completed is a necessary component of the program.

Specifically, the alteration will allow the Department to:

- Provide financial assistance to homebuyers through a promissory note.
- The promissory note to homebuyers will allow DHCD to convert the financial assistance into a grant, of which 20% will be forgiven each year over five (5) years.
- By providing forgivable grants, this financial assistance will ensure the targeted communities maintain a stabilized homeowner base and discourage the immediate sale or transfer of the property.
- In the event a property must be sold within the first five (5) years, homeowners will benefit from any increase in equity of the home value and the accrued financial assistance from the Appraisal Gap from the Historic Redlining Financial Assistance Program, while ensuring homeowners don't unduly benefit from the premature sale of the property.

I want to thank the committee for their time and ask that you support these changes.

Gregory Hare,

A handwritten signature in blue ink, appearing to read "Gregory Hare".

Assistant Secretary | Director of the Community Development Administration
Department of Housing and Community Development

