

**SA0**  
**Department of Housing and Community Development – Capital**

***Capital Budget Summary***

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

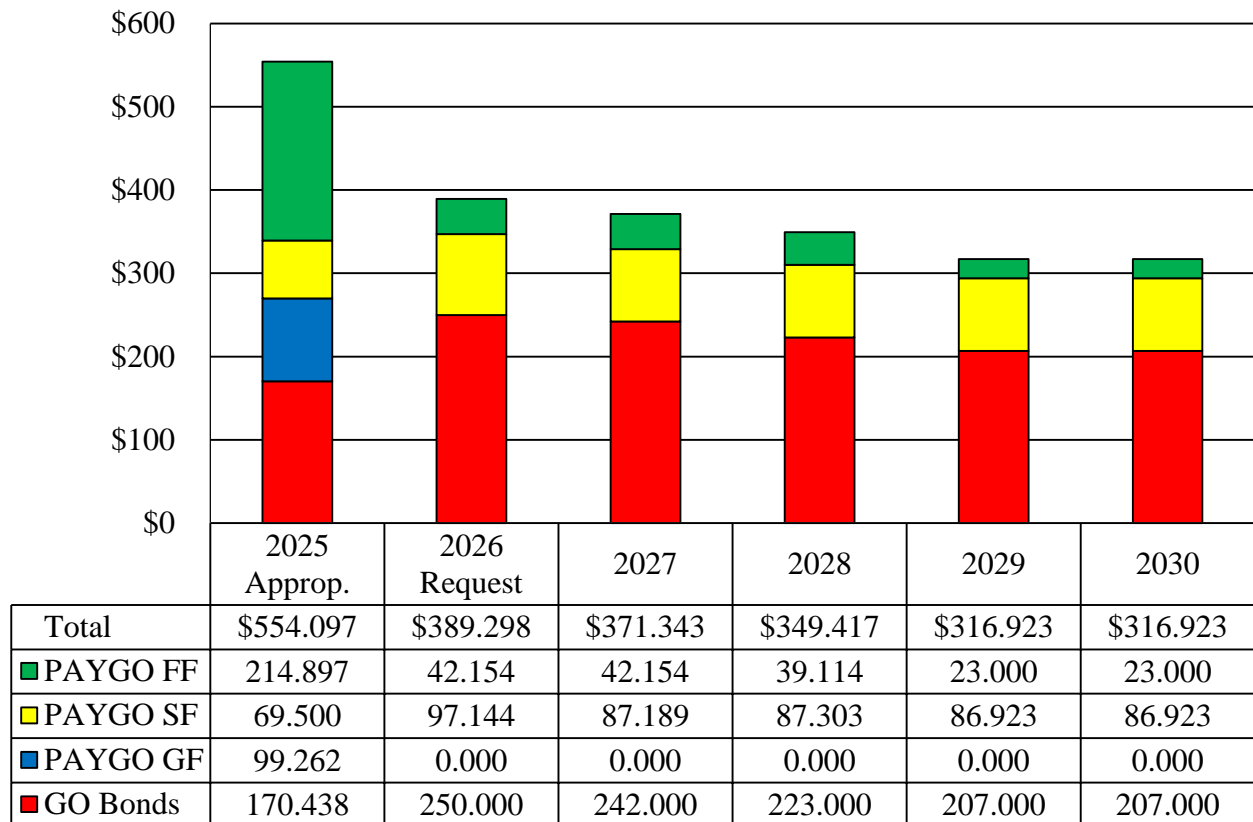
<b>Program</b>	<b>2025 Approp.</b>	<b>2026 Request</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Community Development Block Grant Program	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000
Baltimore Regional Neighborhood Initiative	20.650	27.000	27.000	27.000	27.000	27.000
East Baltimore Neighborhood Development Fund	1.000	0.000	0.000	0.000	0.000	0.000
Business Façade Improvement Program	5.000	5.000	5.000	5.000	5.000	5.000
A Strong Foundation	0.050	0.000	0.000	0.000	0.000	0.000
Community Legacy Program	8.000	8.000	8.000	8.000	8.000	8.000
National Capital Strategic Economic Development Program	19.000	12.000	12.000	12.000	12.000	12.000
Neighborhood Business Development Program	28.314	28.358	28.403	28.517	12.523	12.523
Seed Community Development Anchor Institution Fund	10.000	10.000	10.000	10.000	10.000	10.000
Strategic Demolition Fund	60.000	60.000	60.000	60.000	60.000	60.000
Downtown Partnership of Baltimore	9.000	0.000	0.000	0.000	0.000	0.000
Appraisal Gap Program	10.000	10.000	10.000	10.000	10.000	10.000
Homeownership Programs	21.000	22.500	24.500	24.500	24.500	24.500
Housing and Building Energy Programs	38.400	56.500	56.500	56.500	56.000	56.000
Partnership Rental Housing Program	6.000	8.000	8.000	8.000	8.000	8.000
Rental Housing Programs	116.500	113.500	93.500	74.500	58.500	58.500

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<b>Program</b>	<b>2025 Approp.</b>	<b>2026 Request</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Shelter and Transitional Housing Facilities Grant Program	3.000	3.000	3.000	3.000	3.000	3.000
Special Loan Programs	13.445	13.440	13.440	10.400	10.400	10.400
Statewide Broadband Infrastructure	172.738	0.000	0.000	0.000	0.000	0.000
<b>Total</b>	<b>\$554.097</b>	<b>\$389.298</b>	<b>\$371.343</b>	<b>\$349.417</b>	<b>\$316.923</b>	<b>\$316.923</b>



FF: federal funds  
 GF: general funds  
 GO: general obligation  
 PAYGO: pay-as-you-go  
 SF: special funds

## ***Key Observations***

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- **Department of Housing and Community Development (DHCD) Fiscal 2026 Capital Budget Decreased 29% to \$389.3 million:** Funding for capital projects have decreased by \$162.7 million from the record high of \$552 million in fiscal 2025. This decrease is primarily driven by the end of programs such as the Downtown Partnership of Baltimore as well as broadband programs no longer receiving capital funding.
- **Broadband:** Programs promoting the creation of broadband infrastructure are no longer receiving capital funds from the federal Infrastructure Investment and Jobs Act (IIJA) as well as the American Rescue Plan Act (ARPA). Remaining funds are for operating purposes, but the \$267.7 million of capital funding is still in the process of being awarded.

## ***PAYGO Recommended Actions***

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	<b><u>Amount Reduction</u></b>	
1. Delete general funds for the Baltimore Vacants Reinvestment Initiative (BVRI) under through the Strategic Demolition Fund that are contingently reduced by the Budget Reconciliation and Financing Act of 2025. BVRI is fully funded using general obligation bond funds.	\$50,000,000	GF
<b>Total General Fund Reductions</b>	<b>\$50,000,000</b>	

## ***GO Bond Recommended Actions***

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1. Fund the Baltimore Regional Neighborhood Initiative at mandated level.			
SA24A	Baltimore Regional Neighborhood Initiative.....		\$ 12,000,000
	<b><u>Allowance</u></b>	<b><u>Change</u></b>	<b><u>Authorization</u></b>
	27,000,000	-15,000,000	12,000,000

**Explanation:** The Baltimore Regional Initiative will be funded at the mandated level through this action.

2. Eliminate funding for the Business Façade Improvement Program.

*SA0 – Department of Housing and Community Development – Capital*

SA24B                      Business Façade Improvement Program .....                      \$ 0

<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
5,000,000	-5,000,000	0

**Explanation:** Eliminate funding for the Business Façade Improvement Program as other programs within the Division of Neighborhood Revitalization, such as the Community Legacy Program and the Baltimore Regional Neighborhood Initiative, have the capacity to award grants.

3. Authorize the Seed Community Development Anchor Institution Fund to fund the Downtown Partnership of Baltimore – Strategic Operations Center.

SA24F                      Seed Community Development Anchor Institution  
Fund .....                      \$ 10,000,000

Add the following language:

- (F)                      Seed Community Development Anchor Institution Fund. Provide funds for grants to higher education and health care institutions for community enhancement projects in sustainable communities and blighted areas. The funds shall be administered in accordance with § 4-509 of the Housing and Community Development Article (Statewide) .....                      10,000,000

Provided that \$5,000,000 of this authorization may be used only to provide grants as follows: .....

- (1)                      Downtown Partnership of Baltimore – Strategic Operations Center. Provide a grant to the Board of Directors of the Downtown Partnership of Baltimore, Inc. for the acquisition, planning, design, construction, expansion, repair, renovation, reconstruction, site improvement, and capital equipping of a new Strategic Operations Center in Baltimore City (Baltimore City).....                      5,000,000

**Explanation:** This action directs the Department of Housing and Community Development to use \$5.0 million from the Seed Community Development Anchor Institution Fund to fund the Downtown Partnership of Baltimore – Strategic Operations Center. This will allow the \$5.0 million of general obligations bond funds proposed for

the project through a miscellaneous grant in the capital budget bill to be repurposed for other use.

**Total General Obligation Bonds Reductions/Additions** **\$20,000,000**

## Updates

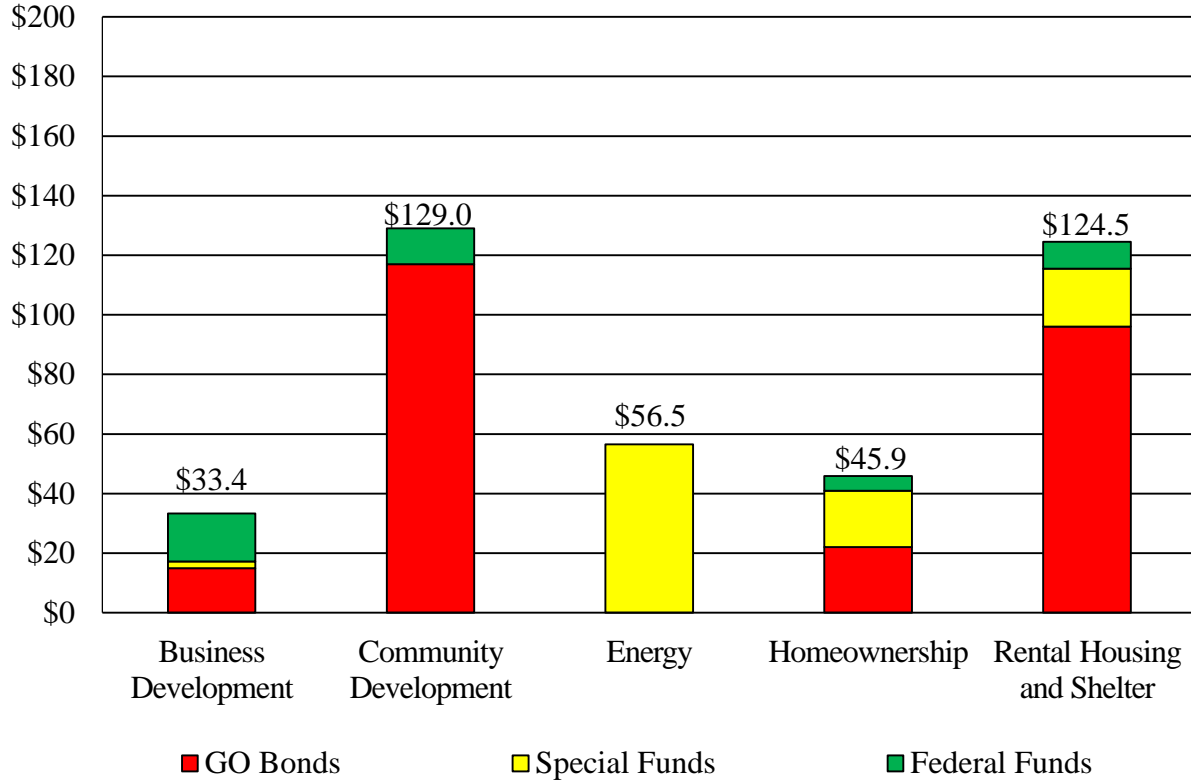
- **Just Communities Implementation:** Chapter 147 of 2024 authorized the Governor to designate an area as a Just Community if the Secretary of Housing and Community Development determines that the area has met the specific criteria. The purpose of the Just Community designation is to prioritize State funding to increase racial, economic, and health equity. Overall funding for DHCD is not impacted by Chapter 147, but the Act changes the distribution of funding. In spring 2025, DHCD will present the first tranche of designated areas to the Secretary, which will then be presented to the Governor for recommendation.
- **Port Assistance:** On April 5, 2024, the Governor signed an executive order that established a temporary relief program for employees and employers impacted by the Francis Scott Key Bridge collapse. The Neighborhood BusinessWorks program was authorized to provide no-interest loans to eligible businesses; these loans were up to \$500,000 and had a 12-month payment deferral period, with 0% interest. DHCD will have deployed roughly \$5 million to support this initiative, with funds being moved from the General Fund capital budget. **DHCD should brief the committees on the deployment of the funds, including the amount accessed.**

## ***Budget Overview of Grant and Loan Programs***

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DHCD's fiscal 2026 proposed capital budget totals \$389.3 million across 15 programs. DHCD uses its capital funding to create and preserve affordable rental housing, promote homeownership, improve energy efficiency for low-income households, and provide financial assistance for business and community development projects. **Exhibit 1** shows the proposed fiscal 2026 funding by category, with programs dedicated to community development occupying 33% of the budget and rental housing and shelter programs comprising 32%. Program descriptions for all 15 programs can be found in **Appendix 1**.

**Exhibit 1**  
**Fiscal 2026 Request by Fund Source**  
 (\$ in Millions)



GO: general obligation

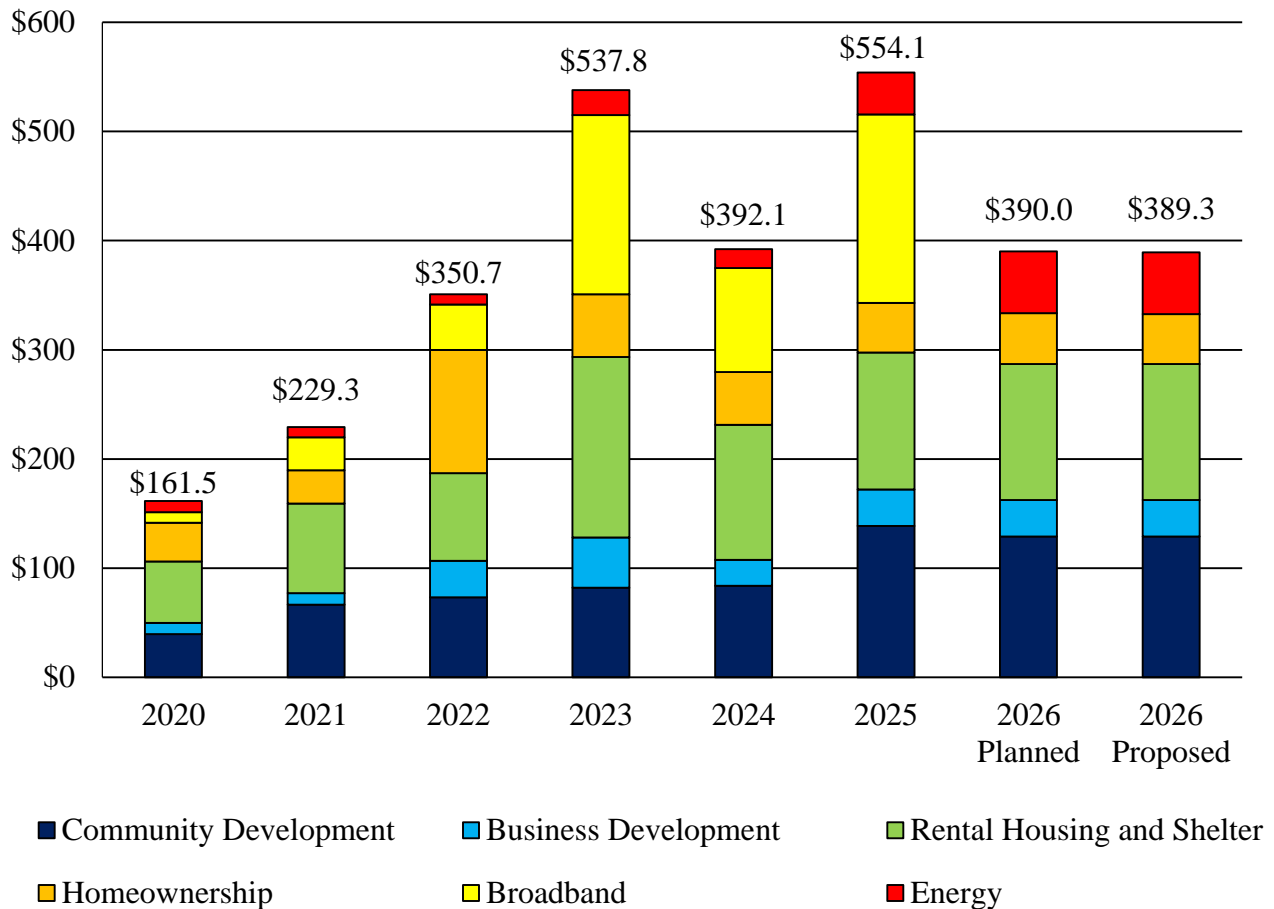
Source: Department of Budget and Management

As shown in **Exhibit 2**, DHCD’s capital budget decreases by 29% in fiscal 2026 compared to fiscal 2025 to a total of \$389.3 million. Significant changes include:

- **Housing and Building Energy Programs:** Fiscal 2026 funding for Housing and Building Energy programs, which include EmPOWER Maryland and the Energy Efficiency Conservation Block Grant (EECBG) Program, increase by \$18.1 million, or 47%, to \$56.5 million;
- **Baltimore Regional Neighborhood Initiative (BRNI):** The fiscal 2026 budget includes \$27 million for BRNI, an increase of \$6.4 million, or 31%, compared to fiscal 2025;

- **National Capital Strategic Economic Development Program (NED):** Funding for NED decreases \$7 million, or 37%, to \$12 million in fiscal 2026.
- **Broadband:** The expiration of federal funding for the broadband initiative explains almost all the funding difference from the fiscal 2025 to 2026 budget. The capital component included \$267.7 million of federal funds from the IJA Broadband Equity, Access, and Deployment Program (BEAD) – \$95 million in fiscal 2024 and \$172.7 million in fiscal 2025.

**Exhibit 2**  
**Department of Housing and Community Development Capital Budget**  
**Fiscal 2020-2026 Actual, Planned, and Proposed**  
**(\$ in Millions)**



Source: Department of Budget and Management

## **Proposed Deficiencies**

The fiscal 2026 budget includes proposed deficiencies in DHCD’s capital programs for fiscal 2025:

- \$1.5 million in special and federal funds for Homeownership Programs. Specifically, \$500,000 in special funds to provide support for the Montgomery Employee Down Payment Assistance Loan and \$1 million to spend the remaining ARPA funds for the Homeowner Assistance Fund.
- \$2.5 million added in federal funds, subtracted from special funds for Housing and Building Energy Programs. This is to realign Be Smart funds to meet federal guidelines under the original EECBG.

## **New Mandates in Fiscal 2026**

The Baltimore Vacants Reinvestment Initiative (BVRI), formerly known as Project C.O.R.E., provides grant funding through public and nonprofit organizations to address vacant properties in Baltimore City. As mandated, the Governor is required to include \$50 million in pay-as-you-go (PAYGO) general funds in the fiscal 2026 budget for BVRI. The Budget Reconciliation and Financing Act (BRFA) of 2025 includes a provision that would remove restrictions and authorize the Governor to include \$50 million for the Continuing the Core Partnership Fund in either the capital or operating budget. The fiscal 2026 budget currently includes the \$50 million in PAYGO general funds, with a reduction contingent on the passage of the BRFA provision. **The Department of Legislative Services (DLS) recommends removing the \$50 million in PAYGO general funds for BVRI, which the Governor supports with \$50 million in general obligation (GO) bond funds, contingent on the passage of the BRFA provision.**

## **Housing Innovation Fund**

Chapter 212 of 2024 established the Housing Innovation Fund with the purpose being to support the Housing Innovation Pilot Program. This program is intended to create opportunities for the State’s public housing authorities and county governments to increase housing production and reward counties pursuing innovative strategies. Chapter 212 authorized the Governor to include an appropriation of \$5 million to the new fund in fiscal 2025. The final fiscal 2025 capital budget included language restricting the use of \$10 million from the Rental Housing Program for the purposes of implementing Chapter 212. For fiscal 2025, an allocation to the fund must be committed to projects before July 1, 2026, subject to applicants being afforded a reasonable period of time to complete the application. For fiscal 2026 and annually thereafter, an allocation to the fund in a fiscal year must be committed to projects before the end of that fiscal year, subject to applicants being afforded a reasonable period of time to complete the application.



If an allocation of funds to the fund has not been committed to projects before the end of the fiscal year when they were allocated, the funds must be eligible for use in support of projects that apply to the Rental Housing Program. The fiscal 2026 budget does not include an additional allocation of funds to the Housing Innovation Fund, perhaps in recognition of the \$10 million already set aside for the program in fiscal 2025. **DHCD should brief the committees on the status of applications to and allocations from the Housing Innovation Fund.**

## **Appraisal Gap Program**

Chapters 702 and 703 of 2021 established the Appraisal Gap from Historic Redlining Financial Assistance Program within DHCD, and Chapters 134 and 135 of 2023 made several administrative alterations to the program. The statutory purpose of the program is to provide financial assistance to affordable housing developers working in low-income census tracts and sustainable communities to help close appraisal gaps, which are defined as the difference between a project's total eligible development costs and the price it can be sold for in the market. The program aims to increase homeownership in disinvested neighborhoods.

DHCD piloted the program through a similar initiative known as Homeownership Works, which had previously been budgeted under the Neighborhood Business Development Program. This program is funded with \$10 million in GO bonds in fiscal 2026. Previously, the program received \$10.2 million in State Fiscal Recovery Funds from the ARPA across fiscal 2022 and 2023, \$10.0 million in PAYGO general funds in fiscal 2024, and \$10 million in GO bonds in fiscal 2025. DHCD has branded the Appraisal Gap Program under the name Utilizing Progressive Lending Investments to Finance Transformation (UPLIFT).

The Homeownership Works program was piloted in two communities selected by DHCD (Johnston Square in Baltimore City and the Pine Street Historic District in Cambridge), whereas the UPLIFT/Appraisal Gap Program allocates funds through a rolling application process that began in fiscal 2024. The program officially launched in March 2024, with the program consisting of 20 projects. Loan awards are made to development teams to acquire, develop, build, and sell affordable housing in targeted neighborhoods. State funding also covers the appraisal gap between the cost to produce this housing and the eventual sale's price, providing it to the homebuyer in the form of a promissory note, which will be forgiven after a term of five years.

DHCD has reported that as of February 11, 2025, 150 homes are expected to close financing within fiscal 2025. Additionally, 75 units have been created or rehabilitated in fiscal 2025. At least 25% of units within each project must be reserved for sale to households earning 80% or less of the area median income (AMI).

## **Expansion of the EmPOWER Program**

DHCD's fiscal 2026 capital budget includes \$54 million for the capital component of the EmPOWER Maryland program administered through the Housing and Building Energy Programs,

an increase of \$18.1 million, or 50.4%, over fiscal 2025. EmPOWER Maryland is funded through an assessment on utility ratepayers and helps low-income households undertake energy conservation projects in their homes at no charge. The EmPOWER program operates in three-year program cycles, and, in December 2023, the Public Service Commission (PSC) approved DHCD’s proposal for the 2024-2026 program cycle that included a significant expansion of program activity in order to meet the goals established by Chapter 572 of 2023. Chapter 572 required that DHCD energy efficiency and conservation programs be designed to achieve a target annual incremental gross energy savings compared to calendar 2016 of at least 0.53% in calendar 2024, 0.72% in calendar 2025, and 1.0% in calendar 2026. The 2025 *Capital Improvement Program (CIP)* programs an additional \$22.5 million in each of fiscal 2027 through 2029 above the amount programmed in last session’s CIP, reflecting an increase in funds awarded to the EmPOWER program by PSC.

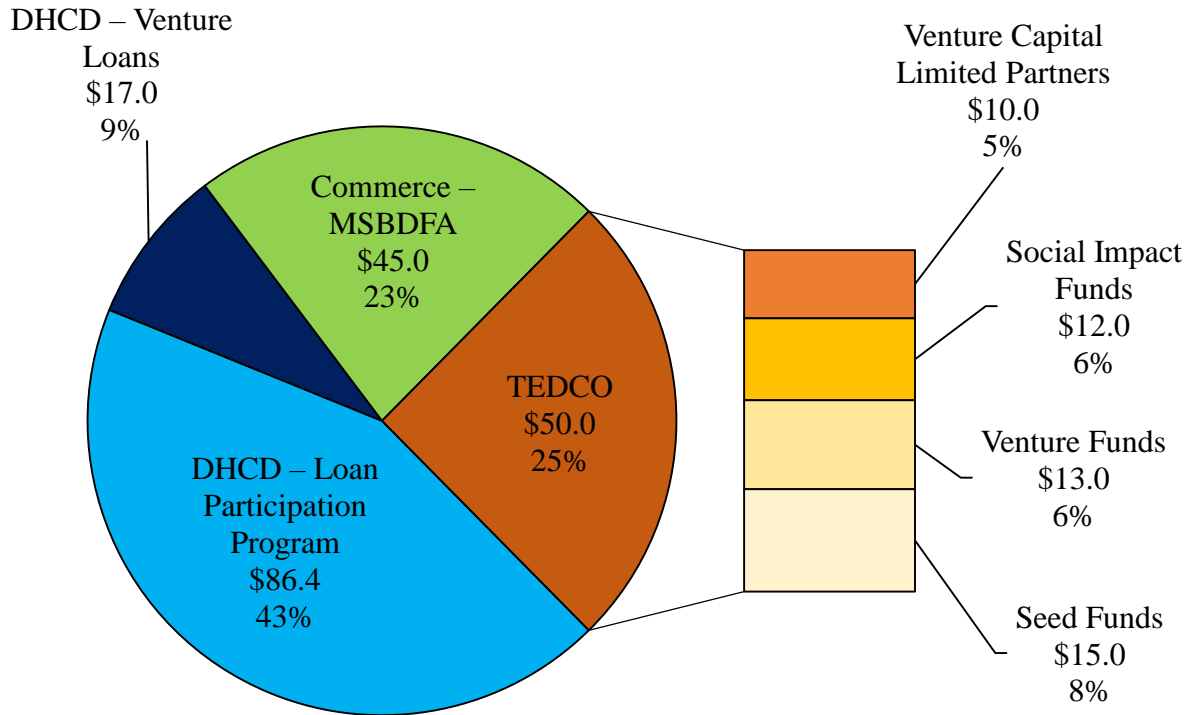
DHCD’s capital budget includes funding for the multifamily housing portion of EmPOWER, while the single-family component is funded in DHCD’s operating budget. Funding in DHCD’s operating budget for EmPOWER also increases by \$24.5 million to a total of \$59.3 million, which is further discussed in the operating budget analysis for S00A – DHCD.

DHCD’s capital budget also includes \$2.5 million for the BeSMART program, a revolving loan fund that was originally funded through a federal EECBG. The BeSMART program provides financing to homeowners or multifamily rental properties for the purchase and installation of energy efficiency measures, including upgrading appliances, HVAC systems, and whole-house envelope improvements. Prior appropriations for the BeSMART program have used federal funds, while the fiscal 2025 budget and CIP recategorized this funding as special funds in order to recognize that the funding is recycled loan funding rather than a new federal award.

## **State Small Business Credit Initiative**

The State Small Business Credit Initiative (SSBCI) funds State programs that expand access to capital for small and underserved businesses. The ARPA provided a total of \$198.4 million to Maryland for the SSBCI, including \$20.7 million set aside for businesses owned by socially and economically disadvantaged individuals (SEDI) and \$11.0 million that will become available to the State once Maryland achieves performance standards related to assisting SEDI-owned businesses. The U.S. Department of the Treasury (U.S. Treasury) will provide the funding to the State across three tranches, with the next tranche becoming available upon obligation of 80% of funds from the prior tranche. While DHCD is the lead agency for the State’s SSBCI funding, the funding will also be deployed through programs at the Department of Commerce (Commerce) and the Maryland Technology Development Corporation (TEDCO), as shown in **Exhibit 3**. As of February 2025, DHCD, Commerce, and TEDCO had awarded a combined total of \$41.1 million in SSBCI funds. Of the funds awarded directly to businesses, 57% have been awarded to SEDI-owned businesses, which is well above the established target of 35% set for Maryland by the U.S. Treasury.

**Exhibit 3**  
**State Small Business Credit Initiative Allocations**  
 (\$ in Millions)



Commerce: Department of Commerce  
 DHCD: Department of Housing and Community Development  
 MSBDFA: Maryland Small Business Development Financing Authority  
 TEDCO: Maryland Technology Development Corporation

Source: Department of Housing and Community Development

Of DHCD’s total SSBCI allocation of \$103.4 million, DHCD’s fiscal 2022 and 2023 capital budgets included \$12.0 million and \$21.0 million, respectively, and the fiscal 2025 capital budget included \$16.1 million under the Neighborhood Business Development Program. The fiscal 2026 DHCD budget remains at \$16.1 million for SSBCI, with the CIP planning to keep this request at that level until the program ends in fiscal 2029. Funding for non-DHCD programs is discussed in the operating budget analyses T00 – Commerce and T50T01 – TEDCO.

DHCD’s Loan Participation Program provides loans of \$250,000 to \$5.0 million to assist small businesses with working capital and real estate acquisition or renovation. DHCD is also allocating a portion of the funding to Community Development Financial Institutions (CDFI) to make loans of less than \$250,000. The Department of Budget and Management has reported that

DHCD has four approved CDFIs, with another project in underwriting for \$2 million. The Venture Funds program is designed for businesses with high job growth potential that have already raised early-stage equity and are in need of bridge financing. The program provides equity investments of \$500,000 to \$5.0 million. Priority for both programs is given to businesses with fewer than 10 employees or are SEDI-owned.

## **Business Façade Improvement Program**

The Business Façade Improvement Program was established by Chapter 437 of 2023 in order to provide grants to political subdivisions and community development organizations. Grants are to be used to improve the outside appearance of businesses' buildings or other facilities. This program was separated from the Division of Neighborhood Revitalization, which has offered a range of funding to promote revitalization goals across the State. In fiscal 2022, DHCD reported that the Division of Neighborhood Revitalization had provided between \$3 million and \$4 million in façade improvement annually through programs such as the Community Legacy Program and BRNI. These programs still continue to provide assistance for community development and are capable of providing grants for façade improvements. **Given the capacity for Division of Neighborhood Revitalization programs to provide funding for façade improvements, DLS recommends deleting funds for the Business Façade Improvement Program**

## **Downtown Partnership of Baltimore**

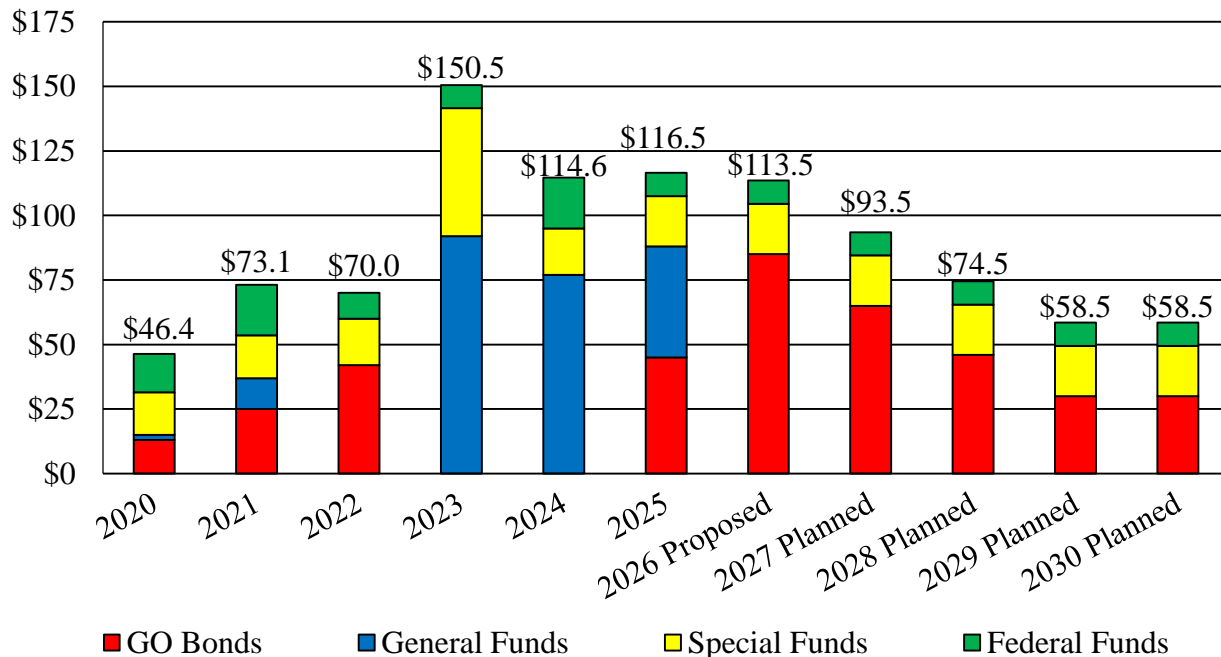
The Downtown Partnership of Baltimore is a nonprofit corporation that works with businesses and government to identify needs and shape policy to strengthen Baltimore City. Working in areas from clean streets initiatives to economic development, the Downtown Partnership of Baltimore is a multifaceted organization that has received fiscal support from the State. Over fiscal 2024 and 2025, the State has provided the Downtown Partnership of Baltimore with a \$23.5 million of direct funding through DHCD. This special funding arrangement was scheduled to end with the fiscal 2025 authorization, and, as agreed, no funding is provided in the fiscal 2026 budget for this purpose. The Downtown Partnership of Baltimore indicates that it is using \$7 million of the State funds for the construction of a Strategic Operation Center. The center is a centralized hub designed for emergency services to coordinate responses and, through a partnership with the University of Maryland, Baltimore Campus, work to strengthen public relations. The fiscal 2026 budget provides an additional \$5 million of GO bond funds for the center through a miscellaneous grant. **DHCD should provide an accounting of how the \$23.5 million of prior authorized direct State funding to the partnership has been or will be used and whether a greater application of these funds can be applied to the Strategic Operations Center project. If no additional funds from the prior appropriations can be applied to the project, DLS recommends restricting \$5.0 million from the Seed Community Development Anchor Institution Fund program for this purpose.**

## Other Observations

### 1. Rental Housing Funding Decreases

Rental Housing Programs are used to rehabilitate and create new affordable housing for low- to moderate-income individuals, families, and elderly residents or special needs populations. Funding is typically paired with financing through Low Income Housing Tax Credits (LIHTC) and/or DHCD’s Multifamily Bond Program. Two types of LIHTCs are available – 9% credits are limited and awarded competitively, while 4% credits are unlimited for qualified projects financed with tax-exempt housing bonds. As shown in **Exhibit 4**, funding for Rental Housing Programs has increased significantly over the past several years. Fiscal 2026 funding totals \$113.5 million, which is a 3% decrease from fiscal 2025. Rental Housing Programs still have \$33 million in unencumbered funds from fiscal 2021 to 2023, with \$81.4 million yet to be expended. **DHCD should comment on the status of the funds from fiscal 2021 to 2023 and explain the amounts that have yet to be encumbered and expended.**

**Exhibit 4**  
**Funding for Rental Housing Programs**  
**Fiscal 2020-2030 Actual, Proposed, and Planned**  
**(\$ in Millions)**



GO: general obligation

Source: Department of Budget and Management

## **Rental Housing Works**

The largest component of DHCD’s Rental Housing Programs is Rental Housing Works (RHW), which receives \$85 million of GO bonds in fiscal 2026. RHW provides loans to both nonprofit and for-profit developers for projects that are financed using 4% LIHTCs and the Multifamily Bond Program, so applicants must fulfill the requirements for those programs as well. Projects include new construction, acquisition, and/or rehabilitation of existing housing, with a minimum of five units, 20% of which must be available to households earning 50% or less of the AMI or 40% to households earning 60% or less of the AMI. The maximum RHW loan amount is generally \$3.5 million, and applications are accepted on a rolling basis.

**Exhibit 5** shows the funding provided through RHW by county since calendar 2012 as well as the current pipeline for upcoming RHW projects. The RHW pipeline exceeds \$280 million for projects to create or rehabilitate more than 10,000 housing units. The National Low Income Housing Coalition estimated a shortfall in Maryland of more than 134,000 units affordable for households below 30% of the AMI based on 2022 data from the American Community Survey.

**Exhibit 5**  
**RHW Closed Projects and Project Pipeline**  
**Calendar 2012-2024**  
**(\$ in Millions)**

<u>Jurisdiction</u>	<u>Closed Projects</u>		<u>Pipeline</u>	
	<u>RHW Award</u>	<u>Units</u>	<u>Anticipated RHW Award</u>	<u>Units</u>
Allegany	\$5.8	246	\$0.0	0
Anne Arundel	27.5	1,749	15.5	276
Baltimore	42.1	1,733	29.5	1,185
Baltimore City	96.1	4,702	85.3	2,568
Calvert	2.5	67	0.0	0
Caroline	5.0	125	6.4	126
Carroll	5.0	180	0.0	0
Cecil	19.8	694	6.2	129
Charles	3.5	204	14.0	640
Dorchester	0.0	0	2.5	44
Frederick	26.7	1,140	14.5	606
Gaithersburg	6.0	190	0.0	0
Hagerstown	2.5	95	0.0	0
Harford	11.9	574	0.0	0
Howard	16.7	734	20.0	362
Kent	6.8	141	2.5	40
Montgomery	52.2	2,111	21.0	1,014
Prince George's	36.6	2,195	57.4	2,616
Queen Anne's	2.7	54	0.0	0
Salisbury	5.0	249	0.0	0
Somerset	0.2	120	0.0	0
St. Mary's	7.5	263	3.5	111
Washington	5.9	198	7.0	180
Wicomico	7.1	297	3.6	252
Worcester	2.5	100	0.0	0
<b>Total</b>	<b>\$397.5</b>	<b>18,161</b>	<b>\$288.8</b>	<b>10,149</b>

RHW: Rental Housing Works

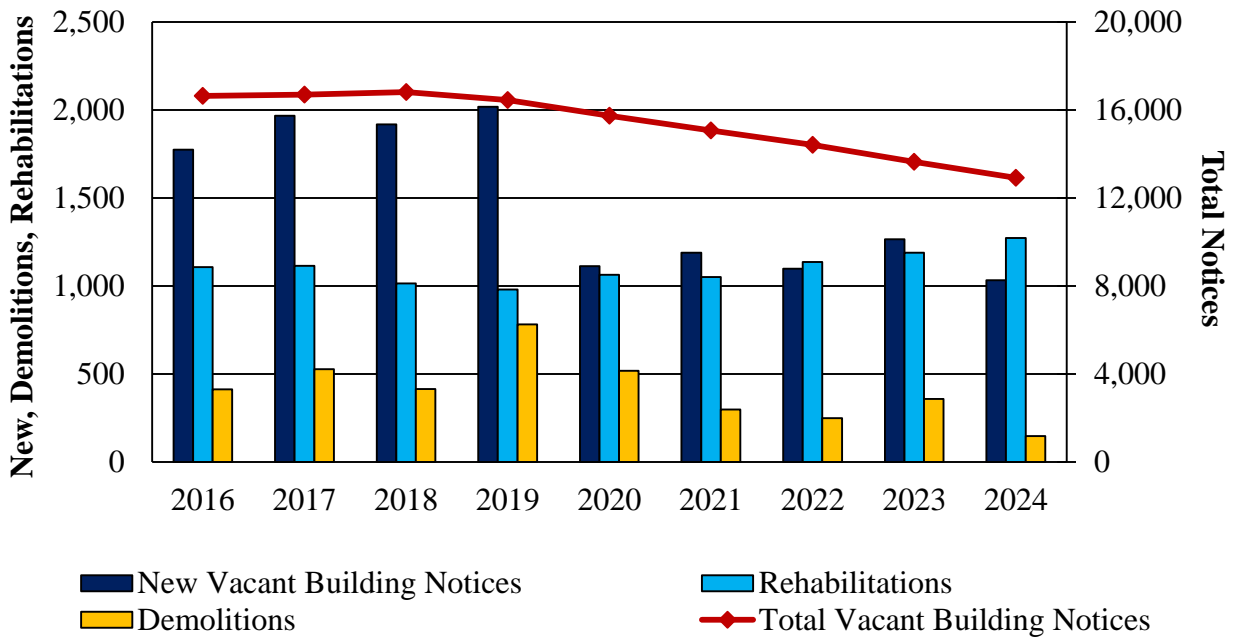
Source: Department of Housing and Community Development

## Baltimore Vacants Reinvestment Initiative

The Strategic Demolition Fund provides grants for demolition, land assembly, housing development or redevelopment, and revitalization projects. The program includes a statewide component as well as BVRI, which funds blight removal and redevelopment in Baltimore City. The fiscal 2026 budget includes \$60 million in GO bonds for the Strategic Demolition Fund, including \$50 million for BVRI and \$10 million for the statewide program. In fiscal 2025, the Strategic Demolition Fund received \$60 million, comprised of \$30 million in GO bonds and \$30 million in PAYGO general funds. At current mandated levels established by Chapter 355 of 2024, BVRI will receive \$50 million annually; a total of \$250 million through fiscal 2030 as programmed 2025 CIP.

**Exhibit 6** shows the total vacant building notices over time in Baltimore City as well as the number of new vacant building notices, demolitions, and rehabilitated vacant buildings. Total vacant building notices have declined by 22% from calendar 2016 to 2024, driven in part by fewer new vacant building notices issued in recent years. More than 3,600 demolitions and 9,900 rehabilitations took place over this period. A September 2022 report from Johns Hopkins University estimated that Baltimore’s vacant properties cost the city over \$100 million in lost revenue in addition to \$100 million in direct spending annually.

**Exhibit 6**  
**Vacant Building Measures – Baltimore City**  
**Calendar 2016-2024**



Source: Baltimore City Department of Housing and Community Development



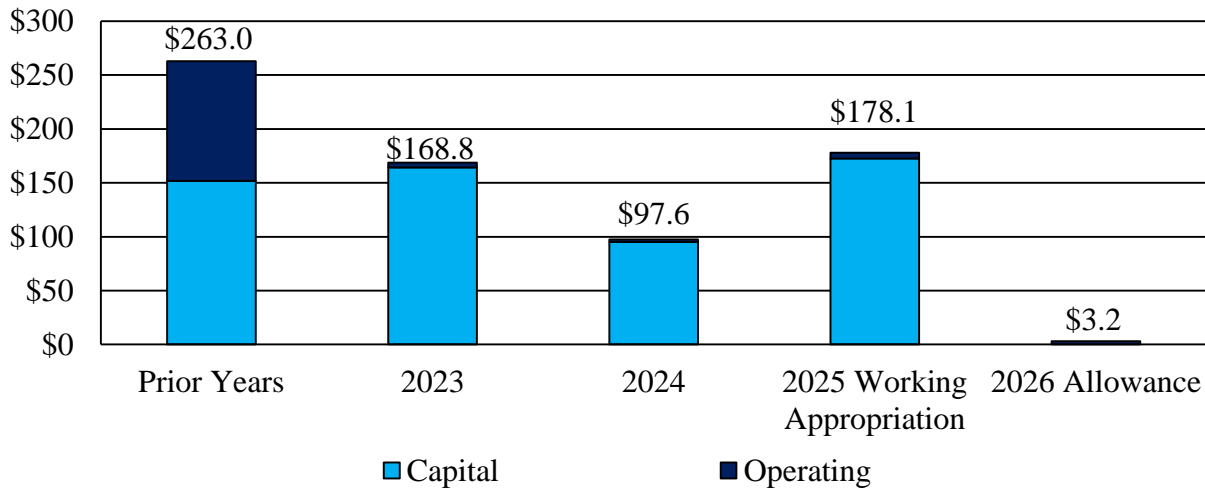
### Baltimore Regional Neighborhood Initiative

BRNI provides grants to fund revitalization in Sustainable Community areas in Anne Arundel and Baltimore counties and Baltimore City. Eligible projects include residential and commercial strategic property acquisition, redevelopment, rehabilitation, and new infill development. Funding is mandated at \$12 million annually. The fiscal 2026 budget includes \$27 million in GO bonds, and the CIP plans \$27 million annually. **DLS recommends reducing BRNI’s fiscal 2026 allowance to the mandated level of \$12 million.**

### 3. Broadband

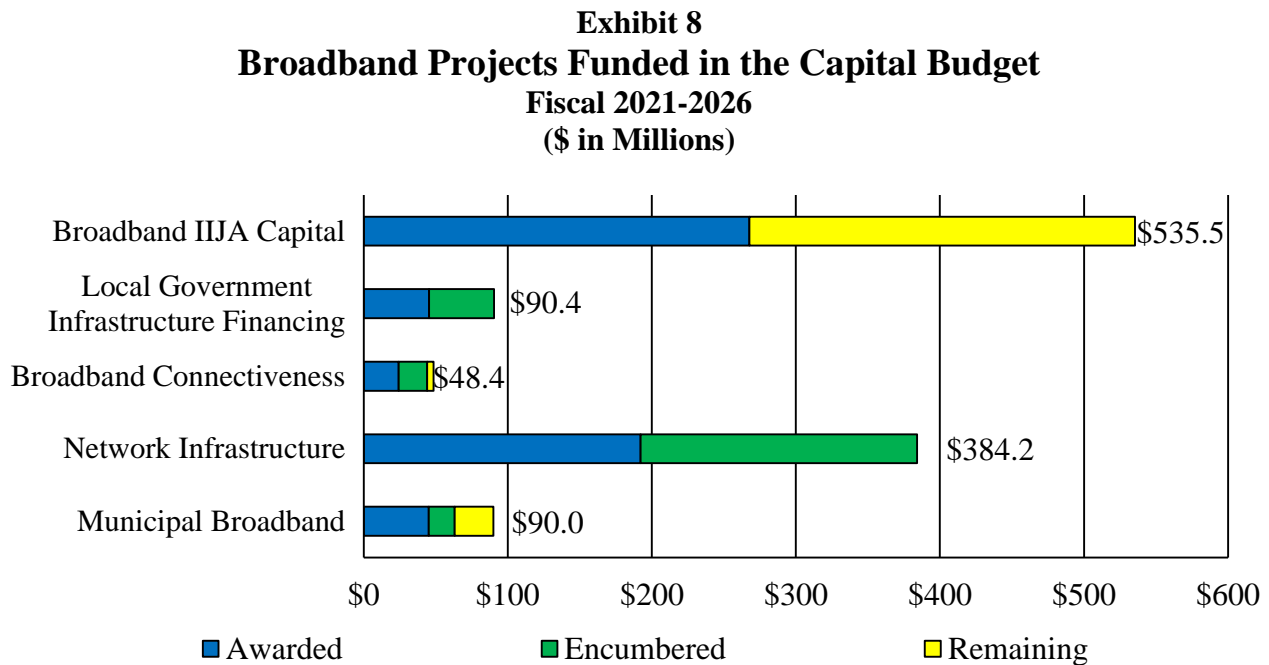
Chapter 74 of 2021 renamed the Office of Rural Broadband in DHCD to the Office of Statewide Broadband and expanded its responsibilities to include developing a statewide broadband plan, collecting and publishing data on broadband availability and speed, and furthering digital inclusion efforts. Funding for broadband programs has also increased dramatically through federal legislation, including approximately \$400 million that the State designated to be used for this purpose from the ARPA and nearly \$300 million anticipated from the IJA. **Exhibit 7** shows funding from all sources appropriated for broadband programs across DHCD’s operating and capital budgets through the fiscal 2026 allowance, totaling more than \$710 million. Operating programs are discussed further in the operating budget analysis for S00A – DHCD. The capital component includes \$267.7 million of federal funds from the IJA BEAD program – \$95 million in fiscal 2024 and \$172.7 million in fiscal 2025.

**Exhibit 7**  
**Funding for Broadband Programs**  
**Fiscal 2019-2026**  
**(\$ in Millions)**



Source: Governor’s Budget Books

**Exhibit 8** shows the funding awarded or expended under each capital project as well as remaining allocated funds between fiscal 2021 and 2026.



IJJA: Infrastructure Investment and Jobs Act

Source: Department of Housing and Community Development

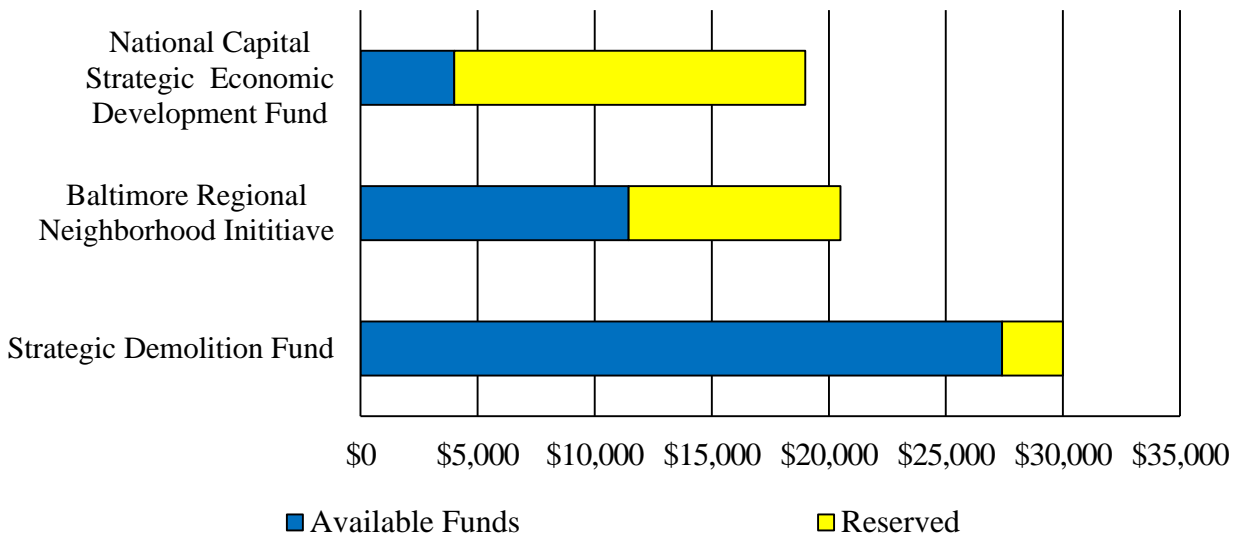
- Broadband IJJA Capital:** Provides funding from the IJJA to expand high-speed Internet access to underserved locations and includes funds for planning, infrastructure development and for the adoption of programs such as BEAD, which is still in the process of developing a proposal for the National Telecommunications Information Administration due in April 2025 before initiating projects. BEAD has been allocated \$267 million and will soon identify qualified applicants.
- Local Government Infrastructure Financing:** Provides grants to local jurisdictions to construct new broadband infrastructure to underserved households. Funding has been fully allocated, and various projects are underway but remain in different stages of development.
- Broadband Connectiveness:** Provides grants to local county jurisdictions to assist with construction costs related to the installation of broadband services. Premises receiving support are required to be difficult to obtain service due to their remoteness, distance from current broadband infrastructure, or other geographic infrastructure that may discourage providers from delivering broadband services. As of February 2025, 18 jurisdictions have received funding, and projects are in the early stages of construction. Remaining funds will continue to be distributed to jurisdictions in fiscal 2026.

- **Network Infrastructure:** Provides grants to local jurisdictions or Internet service provider partners to construct new broadband networks to underserved households. Funding was fully awarded in fiscal 2022, and projects are currently under construction at various levels of development.
- **Municipal Broadband:** Provides assistance to local jurisdictions, both county and municipal, to optimize the utilization of limited resources. This program specifically seeks to provide access to high-speed Internet in publicly owned housing communities. The first round of funding has been awarded to four subgrantees, while the second round of applications closed on February 7, 2025, and the Office of Statewide Broadband is in the process of reviewing applicants.

#### 4. Legislative Reservations

The fiscal 2025 capital budget saw funds provided to projects in the form of GO bonds being taken and reserved for certain purposes. As you can see in **Exhibit 9**, the fiscal 2025 budget saw several of DHCD’s capital programs having funds restricted for uses specifically established in Chapter 720 of 2024. Out of \$69.5 million in GO bond funds in the fiscal 2025 capital budget for BRNI, NED, and the Strategic Demolition Fund, about \$26.5 million, or 38%, were reserved for a specific purpose in fiscal 2025.

**Exhibit 9**  
**Total Project Funding Reserved for Specific Purposes**  
**Fiscal 2025**  
**(\$ in Thousands)**



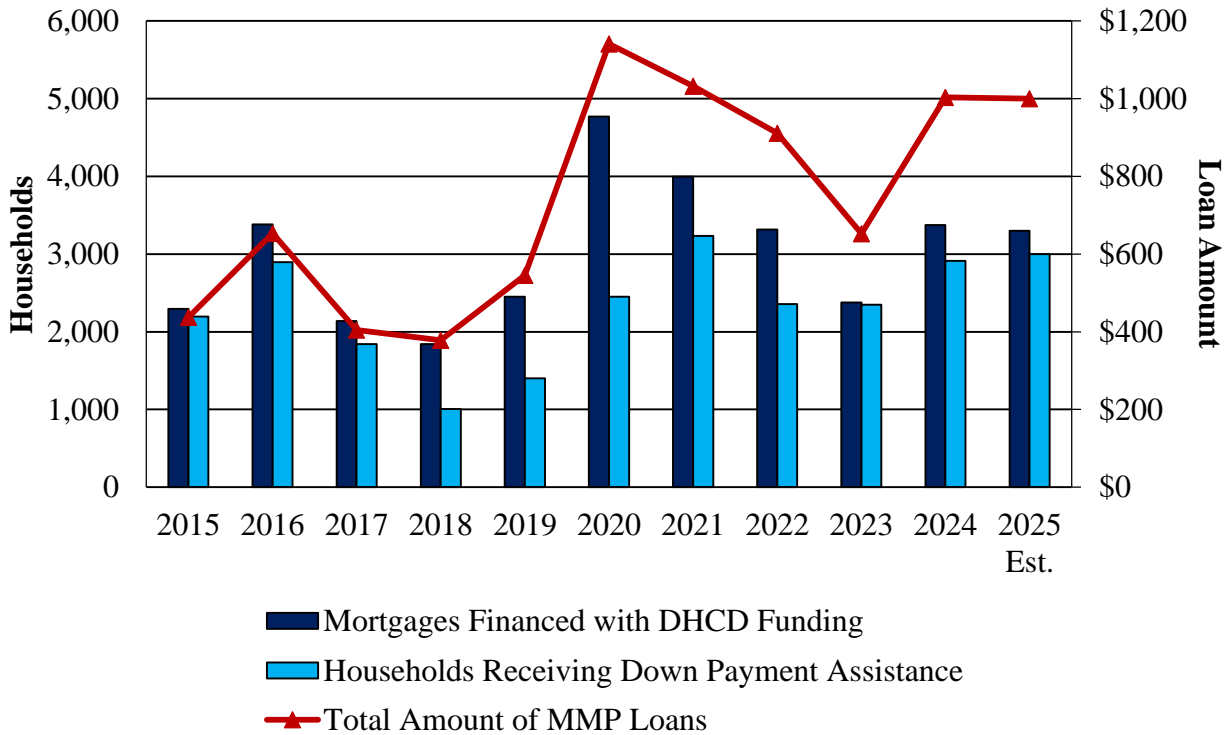
Source: Chapter 720 of 2024

## Performance Measures and Outputs

### Homeownership Programs

One of DHCD’s main objectives is to help low- and moderate-income residents purchase homes. The Maryland Mortgage Program and the Down Payment and Settlement Expense Loan Program are essential components of DHCD’s homeownership efforts. **Exhibit 10** shows activity in the programs increased substantially from fiscal 2015 through 2024. Activity then declined in each of fiscal 2021, 2022, and 2023. This decline ended in fiscal 2024. The fiscal 2026 budget includes \$22.5 million for down payment assistance programs, a slight decrease from the planned amount but an increase from the \$21 million in fiscal 2025.

**Exhibit 10**  
**Homeowner Assistance**  
 Fiscal 2015-2025 Est.  
 (\$ in Millions)



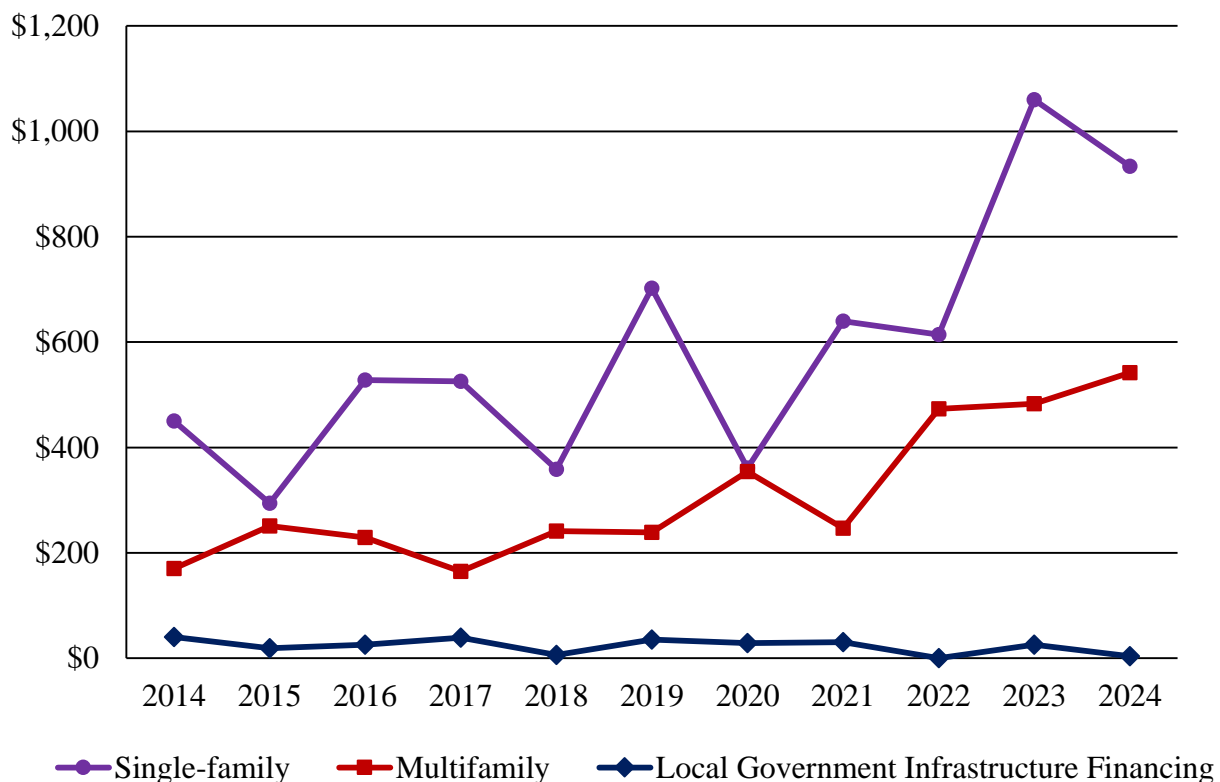
DHCD: Department of Housing and Community Development  
 MMP: Maryland Mortgage Program

Source: Governor’s Fiscal 2025 Budget Books

## Bond Issuances

In addition to DHCD’s array of budgeted programs, the department also includes the Community Development Administration (CDA), which issues nontax-supported debt with the goal of increasing the supply of affordable housing in the State. CDA generates its funding through the sale of tax-exempt revenue bonds, taxable bonds, and mortgage-backed securities. CDA issued \$1.5 billion in single-family, multifamily, and local government infrastructure bonds in calendar 2024, a decrease from the record high of \$1.6 billion in calendar 2023. This decrease was primarily due to single-family issuances decreasing from \$1.1 billion in calendar 2023 to \$933.5 million in calendar 2024, as shown in **Exhibit 11**. Single-family issuances are volatile due to their dependence on private capital markets and CDA’s ability to achieve competitive interest rates.

**Exhibit 11**  
**Community Development Administration Debt Issuances**  
**Calendar 2014-2024**  
**(\$ in Millions)**



Source: Department of Housing and Community Development

## Appendix 1 Grant and Loan Program Descriptions

- **Community Development Block Grant:** 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. Entitlement jurisdictions receive funding directly from the U.S. Department of Housing and Urban Development.
- **BRNI:** Grants to fund revitalization in State-designated Sustainable Community areas in Anne Arundel and Baltimore counties and Baltimore City. Eligible projects include residential and commercial strategic property acquisition, redevelopment, rehabilitation, and new infill development. Chapters 416 and 417 of 2021 made the mandated \$12.0 million in annual funding for the program permanent.
- **Business Façade Improvement Program:** Awards to counties and municipalities to provide grants to qualified businesses to improve the outside appearance of the businesses' buildings and facilities. Chapter 437 mandated \$5.0 million annually, beginning in fiscal 2025.
- **Community Legacy:** Awards to counties, municipalities, and community development organizations for the revitalization of neighborhoods in Sustainable Communities that are at risk of physical, economic, or social deterioration. Eligible uses include streetscape and façade improvements, recreational amenities, and improvement of community gathering places.
- **NED:** Awards to government agencies and nonprofit community development organizations for projects located between Interstate 495 and the District of Columbia. Chapter 494 increased the mandated capital funding from \$7.0 million to \$12.0 million. Operating funding for the program of \$200,000 annually is also mandated, per Chapter 707 of 2021.
- **Neighborhood Business Development Program:** Grants and loans of up to \$5.0 million for community-based economic development activities in revitalization areas designated by local governments; also offers loan guarantees and credit enhancements to banks and community development financial institutions.
- **Seed Community Development Anchor Institution Fund:** Grants and loans to anchor institutions, such as hospitals and institutions of higher education, for community development projects in blighted areas.

*SA0 – Department of Housing and Community Development – Capital*

- ***Strategic Demolition Fund:*** Assists in demolition, land assembly, housing development or redevelopment, and revitalization projects. The program includes a statewide component as well as Project C.O.R.E., which funds blight removal and redevelopment in Baltimore City.
- ***Appraisal Gap Program:*** Provides financial assistance to affordable housing developers working in low-income census tracts and sustainable communities to help close appraisal gaps, which are defined as the difference between a project’s total eligible development costs and the price that it can be sold for in the market.
- ***Homeownership Programs:*** Down payment and closing cost assistance to low- and moderate-income families. Programs include the Down Payment and Settlement Expense Loan Program, the Smart Buy program to assist homebuyers with student loan debt, and the HomeAbility program to assist households with disabled persons. Funding also supports an ongoing memorandum of understanding with Montgomery County to provide down payment assistance.
- ***Housing and Building Energy Programs:*** Loans and grants for energy efficiency improvements for single-family and rental housing properties, including renovation of existing facilities, construction of new facilities, or installation of energy-efficient equipment or materials. Programs include the BeSMART program, a revolving loan fund originally funded through a federal EECBG, and the Multifamily Energy Efficiency and Housing Affordability program, funded with special funds from PSC through the EmPOWER program.
- ***Rental Housing Programs:*** Low-interest or deferred-payment loans to housing developers for the financing of affordable housing developments. Funding is typically paired with financing through LIHTCs and/or DHCD’s Multifamily Bond Program. Rental Housing Programs also include federal funds from the HOME Investment Partnerships Program (programmed at \$5.0 million annually) and the Housing Trust Fund (programmed at \$4.0 million annually).
- ***Partnership Rental Housing Program:*** 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. Demand for the program is driven by the federal Rental Assistance Demonstration program, which allows for the conversion of public housing to long-term Section 8 rental assistance projects.
- ***Shelter and Transitional Housing Facilities Grant Program:*** Grants to local governments and nonprofit groups to develop emergency shelters and transitional housing for homeless individuals and families. The program receives mandated funding of \$3.0 million annually.

*SA0 – Department of Housing and Community Development – Capital*

- ***Special Loan Programs:*** Loans or grants for the abatement of lead hazards; 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.
- ***Statewide Broadband:*** Supports the construction of broadband infrastructure to expand Internet access to unserved areas through grants with matching requirements to local jurisdictions or Internet service providers.