



Housing Initiative Partnership

Testimony SB 387
Housing – Community Development Fund Program Act Funding
February 12, 2019
Position: FAVORABLE

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

We urge this committee to vote a favorable report for SB 387 – Housing – Community Development Fund Program Act. Funding SB 387 creates a permanent funding source for the Community Development Fund. The Fund was established during the 2018 legislative session; however, it has not been funded. SB 387 will dedicated \$5 million from the surplus earned by the State through the Unclaimed Property Fund.

Funding will provide critical operating dollars to community development organizations to further their efforts to develop affordable housing, implement neighborhood and commercial revitalization, provide housing and financial counseling, strengthen small business development, and more.

About HIP

HIP is an innovative, green nonprofit housing developer and HUD-certified housing counseling agency based in Prince George’s County, Maryland dedicated to revitalizing neighborhoods and removing blight. With over 30 years’ experience, HIP creates housing and economic security for persons of low- and moderate-income and provides services that improve the quality of life in the communities we serve.

HIP has counseled over 15,000 unique clients including over 7,500 families during the foreclosure crisis of 2008-2014. In 2019 HIP provided a range of counseling services to 1,355 clients. We have developed over 500 units affordable rental apartments, often in partnership with private developers, and we have redeveloped over 85 single-family homes for first-time home buyers. In 2019 HIP broke ground on 9 new construction, Net Zero Ready townhomes in Prince George’s County and 42 units of affordable rental housing in Anne Arundel County. We have assisted over 90 low-income home owners to rehabilitate their homes with a focus on life safety features. HIP provides on-site resident services to 328 renter households in its properties, linking them with community resources and offering activities that help them maintain their housing.

HIP’s years of dedication to inner-Beltway communities has brought about significant economic improvements. Using a formula developed by the University of Florida to evaluate the impact of community development on the larger economy, HIP’s investment in multifamily and single-family



development has resulted in an economic impact of \$495 million through increased property values, increased tax collection, job creation, and expenditures at local businesses.

Need for the Community Development Fund

Nonprofit organizations across the state, similar to HIP, need more funding to have maximum impact to meet our needs. Operating dollars are the hardest to obtain and yet are the ones most needed to ensure our programs are effective. Federal Funds are declining, banks are consolidating with no increase in foundation giving, private foundation grants are not readily available in suburban and rural communities, demand far exceeds state resources such as Community Legacy and the Operating Fund, and jurisdictions, such as Prince George's County have limited local dollars.

The Urban Institute's Housing Stability report calculated that just in Prince George's County alone, there is a shortage of 30,100 rental units serving households 80% or less of area median income and a shortage of 22,600 homeownership opportunities for households earning 50-80% of area median income.

With the arrival of Amazon in Northern Virginia, the state needs to continue to address the need for additional resources to ensure current residents and new employees have decent, safe, affordable housing options. For Maryland to continue to be competitive to new employment, we must invest in our communities and particularly our housing stock.

HIP and its sister community development organizations across the state bring significant value to the communities we serve. However, it is a scramble every year to raise the resources to support these efforts. Funding the Community Development Fund critical to bringing stability to our nonprofit partners and our communities.

Please vote a favorable report for SB387.

Sincerely,



Stephanie Prange Proestel
Deputy Director
Housing Initiative Partnership, Inc.



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HIP Programs and Services

Single-Family Home Development – HIP acquires dilapidated, vacant single-family homes in distressed communities and substantially rehabilitates them with new roofs, kitchens, bathrooms, porches, and a variety of other green, energy-efficient features. HIP also develops new-construction, green single-family homes. HIP focuses its single-family development within the inner-beltway communities of Prince George's County, and uses State and County funds to ensure that HIP Homes are affordable to families earning 80% or less of the area median income.

Multi-family Development – HIP develops both existing and new construction multi-family rental properties for low- and moderate-income families. HIP has co-developed nearly 500 units of rental housing across Maryland, including Bladensburg Commons, Mount Rainier Artists' Apartments, Renaissance Square Artists' Apartments, Birchwood at Newton Green, Birchwood at Elkton, The Willows at North East, and The Willows at Cecilton.

Resident Services – All HIP multi-family properties are staffed with a resident services coordinator who provides residents with referrals and connections to wraparound support services as well as organizing recreational activities and community events. Service coordinators also provide on-site opportunities including budgeting counseling, parenting skills training, and food pantries.

Housing Counseling – HIP's Housing Counseling Program provides a continuum of housing related services, including Homebuyer Education, Foreclosure Prevention, and Financial Capability Coaching. Homebuyer Education includes eight-hour workshops and individualized, one-on-one counseling for first-time homebuyers. Foreclosure Prevention provides families in danger of losing their homes with counseling and advocacy as they negotiate with their mortgage servicer to reach a workout option. Financial Capability Coaching has expanded into a suite of services for both renters and homeowners including workshops and individualized coaching for clients working towards a more stable financial future. Topics covered include budgeting, credit management, building savings, debt, taxes, and healthy living on a budget, among others.

Rapid Rehousing – In 2016, HIP entered into a partnership with Prince George's County's Department of Social Services to manage the County's Rapid Rehousing Program. Through this partnership, HIP provides intensive case management and counseling services, along with temporary rental subsidies, to families transitioning out of homelessness. Families enter a 12-month program with HIP's case manager and financial capability administrator to develop a budget, attend financial capability workshops and individual coaching sessions, and make the transition from homelessness to permanent, secure housing.

Neighborhood Revitalization – HIP works with community residents and local initiatives to revitalize aging communities. The cornerstone of HIP's revitalization efforts is the Homeowner Rehabilitation Assistance Program (HRAP), which provides zero-interest, deferred loans to low-income homeowners in order to make critical code and safety repairs. HIP's neighborhood revitalization work provides homeowners with new roofs, siding, and windows, as well as resolving major health concerns such as lead and mold abatement.



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2019 Accomplishments

Single-Family Home Development

- During fiscal year 2019, HIP acquired its 84th distressed home. To date, HIP has rehabilitated and sold 79 "HIP Homes" to low-income, first-time homebuyers in Prince George's County.
- In 2019, HIP started construction on Palmer Park Meadows, an affordable subdivision of 9 Zero ready, energy-efficient townhomes in Landover.



Multifamily Development

- In December 2019, HIP, in partnership with private developer PIRHL, closed on financing for Towne Courts, a new construction 42-unit rental community in Annapolis for low-income families. We broke ground in January 2020, and expect to be completed during 2021.



Neighborhood Revitalization

- HIP re-entered into partnership with Prince George's County during the summer of 2018 to manage a second round of \$5 million in funding under the Housing Rehabilitation Assistance Program (HRAP).
- By summer 2019, more than 100 homeowners had been pre-approved for no-interest loans to make critical safety repairs and energy-efficient upgrades to their aging homes. The average loan amount was \$55,440, and the average income of homeowners was \$47,491.
- By the end of 2019, 27 families had closed on their loans and started the much needed renovations.

Housing Counseling

- HIP provided housing counseling services to a total of 1,355 clients.
- 41% of HIP's foreclosure prevention clients reached a positive workout solution with their mortgage servicer.
- 347 renters and homeowners enrolled in HIP's Financial Capability Counseling Program; 40% continued to engage in one-on-one individual coaching, resulting in a 26-point average increase in their credit scores after four months.
- 536 renters enrolled in HIP's Homebuyer Education Workshops, eHome Online Homebuyer Education, and one-on-one individual pre-purchase counseling in an effort to become mortgage-ready.
- HIP provided case management and counseling services to 54 families transitioning out of homelessness, placing them in permanent, secure housing while they work toward achieving long-term housing and financial stability.