

Anne Arundel County_FAV_SB387

Uploaded by: Baron, Peter

Position: FAV



February 12, 2020

Senate Bill 387

Housing - Community Development Program Act - Funding

Senate Budget and Taxation Committee

Position: Favorable

Anne Arundel County **SUPPORTS** Senate Bill 387 – Housing – Community Development Fund Program Act – Funding, which would create a permanent funding source for the Community Development Fund. The Community Development Fund was established during the 2018 legislative session without a permanent funding source. Once funded, it will provide much needed capital resources to support affordable housing development and critical operating support for nonprofit organizations to carry out related support, such as case management, homeownership counseling, and financial coaching.

The Fund, as established, allows for resources to be used toward the construction of affordable housing units and supportive services to sustain those units. The need for affordable housing units in the State- and our jurisdiction- is great. In Anne Arundel County alone, there are over 22,000 unduplicated households on the waiting list for Housing Commission administered programs. Over 8,000 households in our County are severely cost burdened, that is they spend more than 50 percent of their income on housing costs.

Growing the capacity of nonprofit organizations that help get low and moderate income households into affordable housing and help them stay there is an essential tool in our efforts to make our communities “The Best Place for All.” Organizations such as The Light House Shelter have utilized State capital funds to support their shelter, but additional operating funds are needed to leverage County, private, and federal funds to sustain operations. Arundel Community Development Services provides homeownership counseling, foreclosure prevention counseling and financial coaching to help residents obtain sustainable homeownership or rental housing and requires operating funding to carry out this work. Due to the extremely limited and competitive nature of existing operating programs available to community development organizations, a permanent and dedicated source of funding is needed to support our partners on the ground, while leveraging local general development funds the County invests each year into housing and community development.

Accordingly, Anne Arundel County respectfully requests a **FAVORABLE** report on Senate Bill 387.

BaltimoreCounty_FAV_SB0387

Uploaded by: Beller, Joel

Position: FAV



JOHN A. OLSZEWSKI, JR.
County Executive

CHARLES R. CONNER III, ESQ.
Chief Legislative Officer

KIMBERLY S. ROUTSON
Deputy Legislative Officer

JOEL N. BELLER
Assistant Legislative Officer

BILL NO.: **SB 387**

TITLE: Housing – Community Development Program Act - Funding

SPONSOR: Senator Eckardt

COMMITTEE: Budget and Taxation

POSITION: **SUPPORT**

DATE: February 12, 2020

Baltimore County **SUPPORTS** Senate Bill 387 – Housing – Community Development Program Act - Funding. This proposed legislation requires the State to invest \$5 million from the Abandoned Property Special Fund into the Community Development Program Fund.

Maryland created the Community Development Program Fund in 2018 to provide financial assistance to community development organizations and projects. County Executive Olszewski is deeply invested in partnering with the State to revitalize and empower communities in Baltimore County. This investment from the State would create more livable housing and community spaces, reduce hazards like lead paint, and provide weatherization assistance to people struggling with the effects of climate change. SB 387 puts \$5 million towards creating sustainable, participatory, long-term investment in communities.

Over the past few years, Baltimore County has seen a great deal of positive growth, including a drop in our unemployment rate and major investments in new commercial and residential developments. To guarantee that this upward trajectory continues, it is essential that we invest in the revitalization of our existing communities. When communities thrive, Baltimore County thrives.

Accordingly, Baltimore County requests a **FAVORABLE** report on SB 387. For more information, please contact Chuck Conner, Chief Legislative Officer, at 443-900-6582.

Hagerstown Neighborhood Development_FAV_SB387

Uploaded by: Bender, Vicki

Position: FAV



HAGERSTOWN
NEIGHBORHOOD
DEVELOPMENT
PARTNERSHIP, INC.

HAGERSTOWN
HOME STORE

21 East Franklin Street
Hagerstown, Maryland
21740

Tel: 301-797-0900
Fax: 301-797-2991
www.hagerstownhomestore.org

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 which was created during the 2018 legislative session. The funding will be critical operating dollars to use for community development organizations to apply for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. The funding source is \$5 million from surplus of the Unclaimed Property Fund.

The Hagerstown Neighborhood Development Partnership, Inc. (HNDP) is a 501 (c) (3). The main purpose of the Corporation is to encourage the creation, development, expansion and retention of housing, community and economic development for the benefit of the City of Hagerstown, MD, particularly its Neighborhood Revitalization Strategy Area (“NSRS”; designated per HUD criteria and the downtown area contained within it, in order to promote and encourage housing, quality of life and economic growth in Hagerstown. *Specific attention will be paid to assisting citizens who have been traditionally underserved with respect to the housing market and economic opportunities and to very low, low- or moderate income persons as defined by HUD.* HNDP thru the Hagerstown Home Store (HHS) a HUD certified housing counseling agency provides:

- 1st time home buyer workshops
- One to one client counseling covering
 - pre and post purchase counseling
 - foreclosure counseling
 - credit and budget counseling
 - landlord and tenant rights
 - Fair Housing.

The Hagerstown Home Store offers down payment and closing cost assistance grants to all 1st time home buyers in Washington County, MD. **All programs are free of charge.** One of our main goals is to have more homeowners than renters in the City of Hagerstown. The City of Hagerstown has a disproportionately high rate of renters. According to the Census Bureau’s 2013-2017 American Community 5-Year Survey, 60.5% of households rent instead of own homes. Eighty-one (81%) of our clients, come from very low to moderate income households.

The drop in available funding is causing great stress on small housing counseling agencies. The pool of grant seekers continues to grow each year which means the grant rewards are smaller. In 2019, the Hagerstown Home Store's building was purchased from the City of Hagerstown by a private investor. HHS received in-kind donations for rent when the City of Hagerstown owned the building. HHS now has a rent expense of \$9,000 per year with a 3% increase occurring each year over the next 5 years. Local banks and corporations have stopped grant programs starting in 2020. This is a loss of \$30,000 in income to HHS.

Currently, HNDP employs 1 full-time HUD certified housing counselor, 1 part-time HUD certified housing counselor and 1 part-time Director. If additional operating funds were available, HNDP could have 2 full-time HUD certified housing counselors. This would allow for more clients to receive services in a timely manner and HHS could expand the services it offers.

Please vote a favorable report for SB 387

Respectfully Submitted,

Vicki Bender

Vicki Bender, Director
HNDP/HHS
vbender@hagerstownmd.org

SB 387_FAV_REALTORS

Uploaded by: Castelli, Bill

Position: FAV



Senate Bill 387 – Housing – Community Development Program Act – Funding

Position: Support

Maryland REALTORS® support SB 387 which requires the Comptroller to distribute any funds in the Abandoned Property Special Fund to the Community Development Program Fund (CDPF), rather than the general fund.

The National Association of REALTORS® (NAR) conducts an annual survey of homebuyers and sellers and noted that first-time buyers over the last few years are at a historically smaller share of the market than at any time in the last 30 years. The percentage of first-time buyers fell from an average of 40% to 33 % nationally in 2015 and remains at 33% in 2019. Additionally, the homeownership rate in Maryland has dropped from 69.9% in 2000 to 66.6% in 2018.

SB 387 increases available money for programs like affordable housing and neighborhood revitalization and targets populations that have the most difficulty making the transition to homeownership. By improving the quality of neighborhoods, SB 387, will help to increase property values for current homeowners too.

Other valuable programs of the Community Development Program Fund (CDPF) include housing counseling, financial counseling, and foreclosure prevention. The Department of Housing and Community Development (DHCD) Maryland Mortgage Programs require housing counseling to participate in Maryland's downpayment assistance and low interest mortgages. Unfortunately, eligible buyers sometimes wait a long time for an available course. Additional funding will help this problem.

For these reasons, the Maryland REALTORS® encourages a favorable report.

**For more information contact bill.castelli@mdrealtor.org or
susan.mitchell@mrealtor.org**

Bon Secours_FAV_SB 387

Uploaded by: Ciekot, Ann

Position: FAV



**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 which was created during the 2018 legislative session. The funding will be critical operating dollars to use for community development organizations to apply for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. The funding source is \$5 million from surplus of the Unclaimed Property Fund.

Unity Properties is a wholly-owned subsidiary of Bon Secours Mercy Health, a national health care system. For the past 25 years, Unity has led a coalition of community-based development in Southwest Baltimore. Working with partners, we have developed over 800 units of affordable housing for seniors and families, as well as addressed crime, grime, and open space issues of concern to the neighborhoods around Bon Secours Hospital. We want to do more of this work and develop more housing, but we need vital operating support.

Please vote a favorable report for SB 387

Respectfully Submitted:

George Kleb

George Kleb, Executive Director
Unity Properties

Dundalk Renaissance_FAV_SB 387

Uploaded by: Ciekot, Ann

Position: FAV



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

Board of Directors

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Patricia Quintero-Hall

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Emeritus

*Mobilizing people
to invest in
greater Dundalk's
neighborhoods,
economy, and
quality of life.*

Good Afternoon Chairman Guzzone and 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 which was created during the 2018 legislative session. The funding will be critical operating dollars to use for community development organizations to apply for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. The funding source is \$5 million from surplus of the Unclaimed Property Fund.

Dundalk Renaissance is a small community development organization that works to revitalize the greater Dundalk area including some neighborhoods that cross the jurisdictional line between Baltimore City and Baltimore County. We have incubated 4 new permanent businesses in our historic Main Street from pop-up shops, and have assisted many more businesses with façade improvement grants. We work with small developers to renovate houses for sale for homeownership, increasing their appraised value by an average of \$94,000 per house. We offer purchase incentive grants that have so far assisted 110 new home buyers. We help low income older adult homeowners with repairs that enable them to age in place through a workforce development partnership with The Community College of Baltimore County. All of these activities and more require capital dollars. They also require staff to develop, market, and administer the programs, yet operating support is very difficult to find.

With additional operating support, our organization could develop more partnerships, provide housing and financial counseling, recruit more businesses, engage more residents in organizing block by block solutions, and manage volunteers to assist our older adults with yard work and reduce their sense of isolation with home visits. And those are just some of the things we know our community needs, but that we cannot currently provide.

Please vote a favorable report for SB 387

Respectfully Submitted:

Amy Menzer
Executive Director

Habitat for Humanity_FAV_SB 387

Uploaded by: Ciekot, Ann

Position: FAV

**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 HB 472 – Housing – Community Development Fund Program Act - Funding HB 472 creates a permanent funding source for the Community Development Fund which was created during the 2018 legislative session. The funding will be critical operating dollars to use for community development organizations to apply for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. The funding source is \$5 million from surplus of the Unclaimed Property Fund.

Habitat for Humanity of the Chesapeake is the leading provider of affordable homeownership opportunities in Baltimore City. Since our founding 37 years ago, we have built or renovated more than 760 homes in 18 communities across Baltimore City and Baltimore, Anne Arundel and Howard counties – helping 2,700 children and family members find safety and stability. This year alone, we will work in 6 communities, building 25+ homes that include both new construction and intensive rehabilitation of long-vacant homes.

Homebuilding requires millions of dollars in capital funds, but an even greater need for our organization is operating support to keep our lights on and staff out in the field with partner families and community stakeholders. Habitat Chesapeake is unique in that beyond building homes, we build cohorts of strong, self-reliant homeowners via financial literacy and home maintenance classes and ongoing financial goal coaching. We build strong communities through programming with anchor institutions, fellow nonprofits, and current residents. And, we build a skilled workforce with our HabiCorps Workforce Development Program, which offers meaningful, hands-on training in carpentry, construction management and property management for low-income individuals. All of these high-impact programs require operating support.

Thanks to our long history of transforming lives – more than 2,700 to date - and communities – including Patterson Park (90+ Habitat families), Pigtown (40+ Habitat families) and Waverly (70+ Habitat families) - we are asked to do more every year. A permanent Community Development Fund will sustain our current efforts and offer a foundation for future expansion to serve even more families and communities in need.

Please vote a favorable report for HB 472

Respectfully Submitted: Mike Posko, CEO

HOPE_FAV_SB 387

Uploaded by: Ciekot, Ann

Position: FAV



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 which was created during the 2018 legislative session.

The funding will be critical operating dollars to use for community development organizations to apply for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. The funding source is \$5 million from surplus of the Unclaimed Property Fund.

Housing Options & Planning Enterprises, Inc. (H.O.P.E.) is an HUD-approved agency, serving Prince Georges and Charles Counties. In this capacity, we provide financial counseling, homebuyers education and loss mitigation services. We also, provide housing for special needs, seniors (Section 202 and 811 – HUD housing programs) and low-income individuals (households with 60% AMI). Operating dollars are necessary to provide these services, many sources of funding are restrictive and cannot be used towards operating expenses (overhead, rent and etc.)

Please vote a favorable report for SB 387

Respectfully Submitted:

Donna Hurley
Executive Director

Housing Initiative Partnership_FAV_SB 387

Uploaded by: Ciekot, Ann

Position: FAV



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.



Housing Initiative Partnership, Inc.

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.



Housing Initiative Partnership, Inc.

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.

MD Nonprofits_FAV_SB 387

Uploaded by: Ciekot, Ann

Position: FAV

**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 which was created during the 2018 legislative session. The funding will be critical operating dollars to use for community development organizations to apply for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. The funding source is \$5 million from surplus of the Unclaimed Property Fund.

Maryland Nonprofits is a statewide association of more than 1100 nonprofit organizations and institutions. There is a pressing need in Maryland to improve access to affordable housing in clean, safe and supportive neighborhoods. The State's existing investment in affordable housing lags far behind what is adequate.

Too many poor or working-class families must spend exorbitant portions of their family resources for any housing at all. Without adequate housing, or with exorbitant housing costs, far too many aspects of family life, including health, education, recreation, and employment come under pressure, and often result in increased service demands on nonprofits with limited resources, or already limited state or local support programs.

The Community Development Program Fund would begin to address that problem, as well as be a resource to meet many other needs in our communities for additional supports, like housing counseling and small business investment/development.

We urge you to support Senate Bill 371 and give it a favorable report.

MD Rural Development Corp_FAV_SB 387

Uploaded by: Ciekot, Ann

Position: FAV



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 which was created during the 2018 legislative session. The funding will be critical operating dollars to use for community development organizations to apply for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. The funding source is \$5 million from surplus of the Unclaimed Property Fund.

MRDC works to move those experiencing poverty in Rural Maryland into self-sufficiency. We receive a Community Services Block Grant, which allows us to set up a framework of our strategic mission. Aside from that grant (which is less than four percent of our annual budget, we are locked into many grants which do not allow for operating funding. They are pass through grants that allow our communities and families to receive aid, but we have no way of funding our staff to facilitate those pass-through or even find eligible families. A fully funded Community Development Fund would allow us to access the money to put our other grants to more effective use.

Please vote a favorable report for SB 387

Respectfully Submitted: Chris Benzing, Executive Director

SEDC_FAV_SB 387

Uploaded by: Ciekot, Ann

Position: FAV



SOUTHEAST
community development corporation

**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, which was created during the 2018 legislative session. The funding will be critical operating dollars to use for community development organizations to apply for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. The funding source is \$5 million from surplus of the Unclaimed Property Fund.

The Southeast CDC is a 44-year-old organization that operates in Southeast Baltimore City. We implement a number of community revitalization programs and provide HUD-certified housing counseling. Our efforts have leveraged millions of dollars of private investment in struggling communities, increasing their vitality and growing a tax base for Baltimore City.

Despite the demonstrated economic impact of community development, operating dollars to fund these efforts are increasingly more difficult to come by. Operating support allows Southeast CDC to retain a trained, knowledgeable and trusted team of neighborhood revitalization professionals instrumental to delivering the programs and projects that strengthen neighborhoods and attract new investment to Baltimore City.

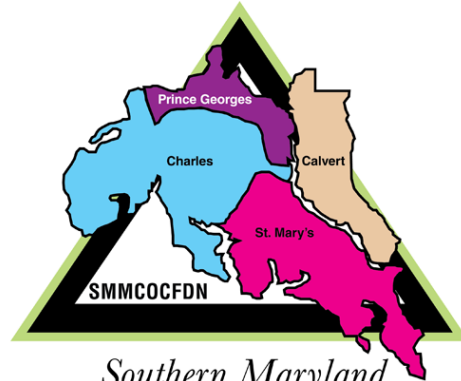
Please vote a favorable report for SB 387.

Respectfully Submitted: Kari Snyder, Executive Director

So MD MCC_FAV_SB 387

Uploaded by: Ciekot, Ann

Position: FAV



*Southern Maryland
Minority Chamber of Commerce
Foundation*

**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:

The Southern Maryland Minority Chamber of Commerce Foundation, Inc. (SMMCOCFDN) requests 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 which was created during the 2018 legislative session. The funding will be critical operating dollars to use for community development organizations to apply for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. The funding source is \$5 million from surplus of the Unclaimed Property Fund.

The SMMCOCFDN is an All-Volunteer organization created to make the community a better place for all. We support, educate, and serve the minority business, farming, entrepreneurial community in Southern Maryland, which includes the southern parts of Prince George's and Anne Arundel counties and all of Calvert, Charles and St. Mary's counties. SMMCOCFDN could have a greater impact, if additional operating funding was available.

Please vote a favorable report for SB 387.

Respectfully Submitted,

Doris J. Cammack-Spencer

Doris J. Cammack-Spencer
Executive Director

SouthWest Partnership_FAV_SB 387

Uploaded by: Ciekot, Ann

Position: FAV



BUILDING COMMUNITY
TOGETHER

**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:

The Southwest Partnership Inc. (SWP), a partnership of seven neighborhoods and six anchor institutions in Baltimore, Maryland, urges 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 which was created during the 2018 legislative session. The funding will establish critical operating dollars to support community development organizations providing affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more.

The funding source is from the surplus of the Unclaimed Property Fund and would allocate five million dollars annually to the Community Development Fund

The Southwest Partnership Inc. is implementing a revitalization plan for our seven neighborhoods. The activities of the SWP include: reclaiming vacant properties for residential and commercial development, creating safe and vibrant streets, building stronger schools, preserving the fabric and history of the community and establishing a network of employment training and employment opportunities for the residents of the community.

Listed below is a sample of work being done in its four and half years of existence. The SWP has and is:

- Created homeownership zones in three of its neighborhoods: in phase one, purchasing 21 vacant houses and working with small developers and general contractors renovating these buildings for homeownership opportunities for working families, phase two currently in acquisition will include 36 vacant buildings and phase three over 50 vacant buildings.

- Developed a master plan for the redevelopment of the old West Baltimore Street retail corridor. Attached is a brief power point presentation showing the physical development activity that has been generated which will lead to resurgence of this once thriving district. In the 1500 block of W Baltimore St alone over nine million dollars of development activity has been committed and is in the early stages of construction.
- Reduced the incidences of street crime by reclaiming unused alleys and walkways, turning them into secure spaces where residents can safely use the space for their own benefit.
- Managing three community school efforts and coordinating with four others to ensure that there are quality educational programs in the community.
- Reclaiming a vacant recreation center that will provide after school and summer activities for the young people in the community, over four hundred thousand dollars has been raised through the faith community to support the necessary renovation work.

The reality is that without the stakeholders of this community coming together and creating both the Vision Plan for a revitalized community and the organization to manage and facilitate the work, there would be little if any of this work being accomplished in the seven neighborhoods.

SWP is creating a market for future development. This development will create healthy communities where there has been primarily disinvestment over the past four generations. This development is creating opportunities for growth. And this growth will create financial returns for the City and the State while eliminating some of the financial demands on the local jurisdiction.

Unfortunately, too many hours of volunteer and staff time are spent securing the operating funds needed to keep the SWP alive and well.

The Community Development Fund will help balance the time spent between raising operating funds and actually doing the development work.

Please vote a favorable report for SB 387

Respectfully Submitted,

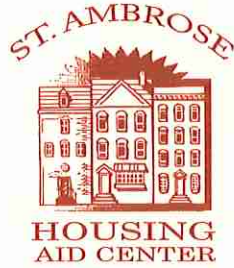


Michael V. Seipp
Executive Director

St Ambrose_FAV_SB 387

Uploaded by: Ciekot, Ann

Position: FAV



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

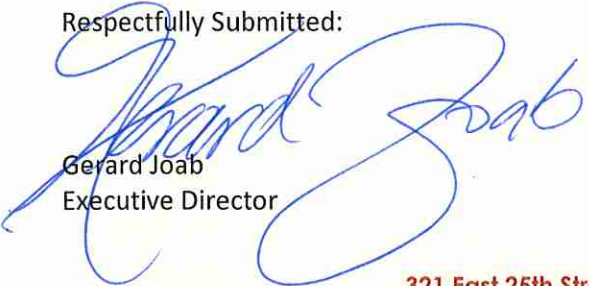
Dear Chairman Guzzone and the Members of the Senate Budget & Taxation Committee:

On behalf of the Board and staff of the St. Ambrose Housing Aid Center I 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 which was created during the 2018 legislative session. The funding will be critical operating dollars to use for community development organizations to apply for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. The funding source is \$5 million from surplus of the Unclaimed Property Fund.

St. Ambrose Housing Aid Center, is a fifty year old Baltimore based community based agency which provides services to preserve and increase access to affordable housing. We do this by connecting individuals and families to financial education tools, addressing housing sustainability, providing resources and benefits to achieve financial goals and assuring safe, healthy, affordable housing opportunities, St. Ambrose serves as a stabilizing influence in the lives of thousands of individuals in the Baltimore Metropolitan area every year. Our five programmatic areas, Housing Counseling, Legal Services, Homesharing, Rental Services and Housing Development are designed to respond to the challenges faced by low to moderate income individuals and families. During our most recently completed fiscal year, July 1, 2018-June 30, 2019, the agency served a total of 2,794 clients.

For organizations like ours one of the challenges we face each year is how to keep our doors open, address the growing and changing needs of our community as well as increase our capacity to meet the needs of our residents. Access to predictable and flexible operating funding is critical to our future. The Housing – Community Development Fund Program Act Funding will assist us in meeting this challenge. I urge you to please vote a favorable report for SB 387.

Respectfully Submitted:


Gerard Joab
Executive Director

321 East 25th Street ■ Baltimore, Maryland 21218
Phone: 410-366-8550 ■ Fax: 410-366-8795 ■ www.stambrosehousing.org



SB 387__Clapsaddle__2.12.20__BT__FAV

Uploaded by: Clapsaddle, Mary

Position: FAV

TO: The Honorable Kumar Barve, Chair
Budget and Taxation Committee

FROM: Mary Clapsaddle
Director, State Affairs

DATE: February 12, 2020

On behalf of Johns Hopkins University and Medicine, thank you for the opportunity to submit testimony in support of **SB 387 – Housing - Community Development Program Act – Funding**.

The Maryland General Assembly demonstrated leadership in the area of community development during the 2018 session with the establishment of the Community Development Program, Fund, and Board in the Department of Housing and Community Development. That bill envisions a flexible program that can support a range of efforts – operating and capital expenditures – to improve the buildings and social environment in challenged areas across the state.

Johns Hopkins is committed to the neighborhoods in and around our footprints – working collaboratively with neighborhood associations, foundations, and other employers – to strengthen and revitalize areas that are affected by disinvestment. This commitment is evident in Eager Park, the Central Baltimore Partnership, Station North and other areas. To the extent that state funds are available to leverage private investment in creative and flexible ways, long-standing issues in challenged communities can be addressed. It is particularly valuable that program funds are available for “soft” expenses, like housing counseling, community organizing, and community services, not just for bricks and mortar.

Having a dedicated source of on-going funding for this program will be key to its success. For these reasons, Johns Hopkins urges a **favorable committee report on SB 387**.

cc: Members, Budget and Taxation Committee
Senator Adelaide C. Eckardt

ECDC_FAV_SB 387

Uploaded by: Davis, Rick

Position: FAV



EASTSIDE COMMUNITY DEVELOPMENT CORPORATION, INC.

**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 which was created during the 2018 legislative session. The funding will be critical operating dollars to use for community development organizations to apply for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. The funding source is \$5 million from surplus of the Unclaimed Property Fund.

Eastside Community Development Corporation is a Community Development Corporation (CDC) that also performs the work done by Local Housing Counseling Agencies (LHCA) and Community Housing Development Organizations (CHDO). Specifically, the agency has for many years assisted new first time homebuying families with meeting the requirements necessary to purchase a home. Improving credit scores, attaining a home purchase loan, identifying the an appropriate, affordable home, qualifying for available home purchase incentive programs are just a few of the areas of concern that Eastside educates the new homebuyer in understanding. Eastside, also, continues as an agency that assists families burdened by financial crisis in maintaining homeownership. Finally, beginning in 2016, the agency began developing housing projects with a focus on the Turner Station, a community where hundreds of families have been impacted by the loss of the steel and ship-building industries along with associated jobs.

In order to continue performing these activities Eastside needs the erosion of operating dollars provided by government partners to cease. Due to diminishing staffing the number of local constituents the agency is able to serve diminishes as well. The agency will be able to assist more first-time buyers in preparing for homeownership, while at the same time creating new affordable rental properties for the homeless in eastern Baltimore county, if necessary additional operating funding is provided.

Please vote a favorable report for SB 387

Respectfully Submitted: Rick Davis, Executive Director

MML_FAV_SB387

Uploaded by: Jorch, Bill

Position: FAV



Maryland Municipal League

The Association of Maryland's Cities and Towns

TESTIMONY

February 12, 2020

Committee: Senate Budget and Taxation

Bill: Senate Bill 387 - Housing - Community Development Program Act - Funding

Position: Support

Reason for Position:

The Maryland Municipal League supports Senate Bill 387. This legislation provides mandatory funding for the Community Development Program Fund.

Created in statute in 2018, the Community Development Program and its associated fund serve the purpose of providing financial assistance for community development projects and community development organizations around the State. Grants are to be administered for capital and operating costs to projects and organizations focused primarily on affordable housing, neighborhood revitalization, and community services among other things. Municipal governments engage in many of these activities and see themselves as potential recipients of grants from this fund.

However, up until now the fund has not received a discretionary funding and none is in the State budget for FY 2021. This bill would mandate \$5 million be directed to this fund to support important community development work.

For these reasons, the League supports Senate Bill 387 and respectfully requests that the committee report the bill favorably.

FOR MORE INFORMATION CONTACT:

Scott A. Hancock	Executive Director
Candace L. Donoho	Government Relations Specialist
Bill Jorch	Manager, Government Relations & Research
Justin Fiore	Manager, Government Relations

1212 West Street, Annapolis, Maryland 21401

410-268-5514 | 800-492-7121 | FAX: 410-268-7004 | www.mdmunicipal.org

Banner Neighborhoods_FAV_SB387

Uploaded by: Senator Eckardt, Senator Eckardt

Position: FAV



**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. This creates a permanent funding source for the Community Development Fund which was created during the 2018 legislative session. The funding will be critical operating dollars to use for community development organizations to apply for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. The funding source will be \$5 million from surplus of the *Unclaimed Property Fund*.

Banner is in support of this because this funding that could support our Senior Home Maintenance program. We provide support and resources for seniors in east Baltimore. This support includes exterior work such roofing; repairing/replacing rain; and repairing/replacing windows and doors on the homes of seniors. The average income of the seniors we serve is about \$24,000/year and they are unable to afford repairs to their homes even if the mortgage is paid off. This source of funding will be able to assist seniors to age in place safely.

Please vote a favorable report for SB 387

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "R. Truiett-Theodorson", is written over a light blue rectangular background.

Robin Truiett-Theodorson
Executive Director



**Testimony HB 472 –
Housing – Community Development Fund Program Act Funding
February 11, 2019
Position: FAVORABLE**

Dear Chairman Barve and the Members of the House Environment & Transportation:

We urge this committee to vote a favorable report for HB 472 – Housing – Community Development Fund Program Act. Funding HB 472 creates a permanent funding source for the Community Development Fund which was created during the 2018 legislative session. The funding will be critical operating dollars to use for community development organizations to apply for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. The funding source is \$5 million from surplus of the *Unclaimed Property Fund*.

Banner is in support of this because this funding that could support our Senior Home Maintenance program. We provide support and resources for seniors in east Baltimore. This support includes exterior work such roofing; repairing/replacing rain; and repairing/replacing windows and doors on the homes of seniors. The average income of the seniors we serve is about \$24,000/year and they are unable to afford repairs to their homes even if the mortgage is paid off. This source of funding will be able to assist seniors to age in place safely.

Please vote a favorable report for HB 472

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Robin Truiett-Theodorson", is written over a light blue rectangular background.

Robin Truiett-Theodorson
Executive Director

Druid Heights Community Development_FAV_SB387

Uploaded by: Senator Eckardt, Senator Eckardt

Position: FAV



DRUID HEIGHTS
Community Development Corporation

Druid Heights Community Development Corporation

2140 McCulloh Street Baltimore, Maryland 21217

**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 which was created during the 2018 legislative session. The funding will be critical operating dollars to use for community development organizations to apply for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. The funding source is \$5 million from surplus of the Unclaimed Property Fund.

Druid Heights Community Development Corporation (DHCDC) is a community-based, 501 (c)(3) non-profit community development corporation. DHCDC is located in zip code 21217 in Baltimore City, within Census Tract 1403 a designated Urban Renewal Area. Our mission is to cause, encourage and promote community self-empowerment, through the development of economic, educational, employment, and affordable housing opportunities.

The overall goal of the organization is to eliminate blight and accelerate the revitalization of the neighborhood by preserving (where feasible) and improving existing housing and developing new affordable housing that will attract and meet the needs of low to moderate income families. To accomplish this goal, DHCDC has implemented a number of community development initiatives that have proven to strengthen the fabric of the community. Although its core competency is housing and community redevelopment, it is also very aware of the importance of human service programs that address the needs of children and families. All programs and activities benefit low to moderate income residents of Druid Heights and surrounding communities.



Druid Heights Community Development Corporation

DRUID HEIGHTS

2140 McCulloh Street Baltimore, Maryland 21217

Community Development Corporation

DHCDC continues to face many challenges with funding for development projects that assist with creating affordable housing. One important factor for community development organizations is the lack of funding. DHCDC is requesting that you vote for SB 387. Through this funding our organization will be able to continue to create homeownership opportunities that will assist in reducing blight, reducing crime and help to create a healthier environment for the residents within Baltimore City. Please vote a favorable report for SB 387.

Respectfully Submitted: Ms. JohnDre Jennings, Director of Real Estate Development

Senator Eckardt_FAV_SB387

Uploaded by: Senator Eckardt, Senator Eckardt

Position: FAV

ADDIE C. ECKARDT
Legislative District 37
Caroline, Dorchester, Talbot,
and Wicomico Counties



Annapolis Office
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Adelaide.Eckardt@senate.state.md.us

Budget and Taxation Committee

Health and Human Services
Subcommittee

Joint Committees

Administrative, Executive,
and Legislative Review

Audit

Children, Youth, and Families

Fair Practices and
State Personnel Oversight

Pensions

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

District Office
601 Locust Street, Suite 202
Cambridge, MD 21613
410-221-6561

Testimony for Senate Bill 387
Housing - Community Development Program Act - Funding
Budget and Taxation Committee
February 12, 2020


Chairman Guzzone and Members of the Committee:

Thank you for the opportunity to present Senate Bill 387 - Housing - Community Development Program Act - Funding. This legislation creates a permanent funding source for the Community Development Program. The program was created during the 2018 legislative session to provide financial assistance for community development projects and community development organizations around Maryland. This bill would allocate \$5,000,000 from the Unclaimed Property Fund to the Community Development Fund.

Currently, the Comptroller's Office serves as the legal custodian of property that is reported unclaimed. Within one year of taking custody of abandoned property, the Comptroller must sell the property at auction. After the sale of this property, the Comptroller is required to maintain \$50,000 to pay any claims and distribute \$2,000,000 to the Maryland Legal Services Fund. This bill would require \$5,000,000 to be allocated to the Community Development Fund. Following these distributions, remaining monies would be distributed to the General Fund.

The Community Development Program has proven beneficial to our communities through: affordable housing; neighborhood revitalization for residential and commercial areas; housing counseling; financial counseling; foreclosure prevention; community organizing; small business development; and community services. Senate Bill 387 bill will help ensure the sustainability of the Program.

I respectfully ask for a favorable report of Senate Bill 387. Thank you.

Best Regards,

A handwritten signature in cursive script, appearing to read "Addie Eckardt".

Senator Addie Eckardt

CDN_FAV_SB 387

Uploaded by: Wilson Randall, Claudia

Position: FAV



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:

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. CDN envisions a state in which all neighborhoods are thriving and where people of all incomes have abundant opportunities for themselves and their families.

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 which was created during the 2018 legislative session. The funding will be critical operating dollars for community development organizations to use for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. The funding source is \$5 million from surplus of the Unclaimed Property Fund.

In 2018, the General Assembly passed HB109 creating the Community Development Fund and board to work with the Maryland Department of Housing and Community Development to run the program. The Fund will be critical flexible operating funding for community development, including affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. Operating funding is the hardest funding to get for most organizations. This fund will help build capacity and expand the work of several groups across the state so they can have significant impact in their communities.

Once funded, the Community Development Fund will fill an important need. There is high demand for such funding. In the past two years, the Maryland Department of Housing and Community Development made available \$700,000 in special funds for operating dollars for nonprofit community development organizations. Each year, there have been 140 applications, totaling \$4.9million in requests (and could have been more except the maximum a group could request was \$50,000). In addition, the Community Legacy funding, capped at \$6 million in recent years, generated over \$36 million in applications last fiscal year, up from \$27 million in past years.

Further, as the Maryland General Assembly deliberates over education funding across the state, the work of the community development industry will improve communities so that children can grow and have opportunities.

We respectfully request a favorable report for SB 387.

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

DBM_INFO_SB 387

Uploaded by: Wilkins, Barbara

Position: INFO



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 387 Housing-Community Development Program Act-Funding (Eckardt)

STATEMENT OF INFORMATION

DATE: February 12, 2020

COMMITTEE: Senate Budget & Taxation Committee

SUMMARY OF BILL: SB 387 diverts from the General Fund, \$5 million in abandoned property funds, and directs those amounts to the Community Development Program Fund:

EXPLANATION: DBM's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the diversion of a significant amount of General Fund revenues.

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and strives to create a structurally balanced budget, in which the growth in spending is less than the growth in revenues.

General Fund Budget Outlook Fiscal 2022 - 2025

	Est. 2022	Est. 2023	Est. 2024	Est. 2025
Cash Balance	-\$833	-\$1,135	-\$1,201	-\$1,298
Structural Balance	-\$701	-\$905	-\$984	-\$1,071

Department of Legislative Services, January 2020 Fiscal Briefing

For FY 22 – FY 25, the cumulative impact of an ongoing imbalance between spending and revenues is a \$3.6 billion structural gap. Our structural budget problem reflects a spending problem; not a revenue problem.

Until we achieve long-term structural balance, programs cannot rely on a consistent funding level. Constituencies for these proposed programs or enhanced spending bills should be forewarned that passage of this legislation does not guarantee future funding. The diversion of General Funds may be repealed or

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<http://dbm.maryland.gov>

otherwise modified in a subsequent Budget Reconciliation and Financing Act (BRFA) – this action is necessary to ensure a constitutionally required balanced budget in the next fiscal year.

The Administration is cognizant of the downside risks facing our economy and, in the FY 2021 Budget, has set aside \$1.3 billion in reserves. The Rainy Day Fund balance is equal to 6.25% of revenues, \$48 million more than recommended by the Spending Affordability Committee (SAC). Moody's Analytics has recently advised of a slowdown in employment growth in the latter part of FY 2021, which DLS estimates would add \$241 million to the structural budget gap in FY 2021 and \$419 million in FY 2022. Historic increases in funding for both K-12 education, as proposed by the Kirwan Commission, and school construction will further aggravate the budget gap.

The 2019 SAC commentary encourages a cautious fiscal approach -- **“Out-year fiscal stress is anticipated despite the expectation that personal income and employment will continue to grow steadily, and entitlement and prison caseloads will hold steady or decline. An imbalance is forecast before accounting for any recommendations from the Commission on Innovation and Excellence in Education.”**

**For additional information, contact Barbara Wilkins at
(410) 260-6371 or barbara.wilkins1@maryland.gov**

DBM_INFO_SB493

Uploaded by: Wilkins, Barbara

Position: INFO



Maryland

**DEPARTMENT OF BUDGET
AND MANAGEMENT**

LARRY HOGAN
Governor

DAVID R. BRINKLEY
Secretary

BOYD K. RUTHERFORD
Lieutenant Governor

MARC L. NICOLE
Deputy Secretary

SENATE BILL 493 Small Business Development Center Network Fund-Minimum Appropriation (Kramer, et al)

STATEMENT OF INFORMATION

DATE: February 12, 2020

COMMITTEE: Senate Budget & Taxation Committee

SUMMARY OF BILL: SB 493 increases the annual mandated appropriation for the Small Business Development Center from \$950,000 to \$1.5 million. The Fund provides matching funds for federal grants and to support the operations of the Small Business Development Center Network at the University of Maryland, College Park.

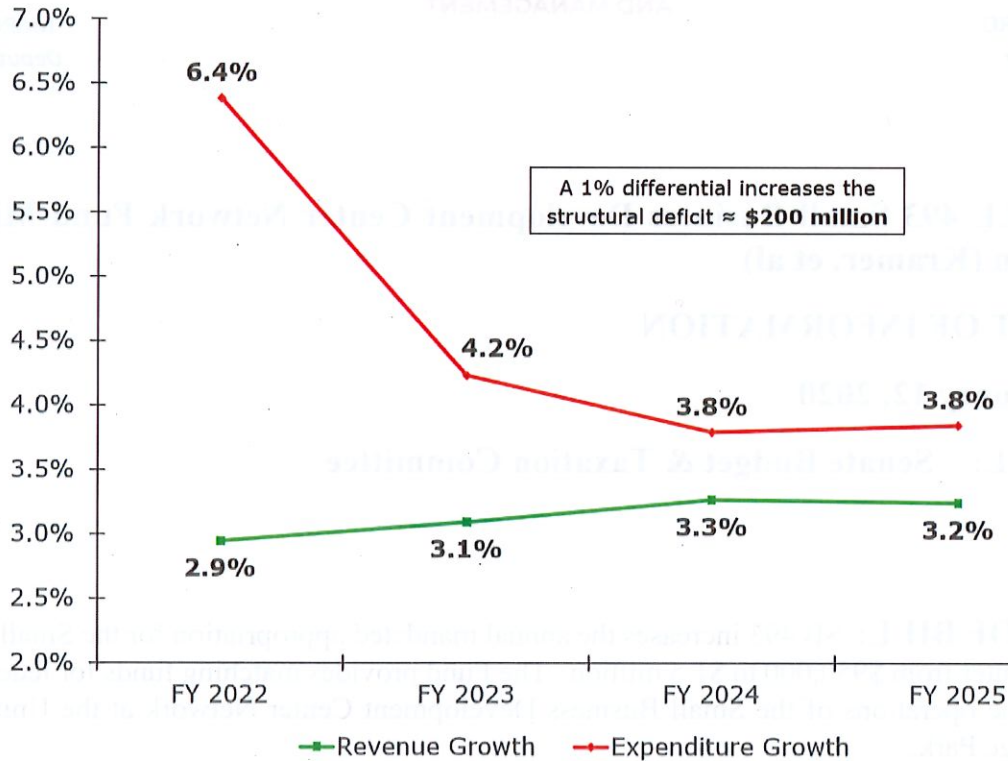
EXPLANATION: The \$550,000 increase begins in FY 2022.

DBM's focus is not on the underlying policy proposal being advanced by the legislation, but rather on whether the aggregate increased spending is sustainable when spending growth continues to exceed revenue growth.

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and strives to create a structurally balanced budget, in which the growth in spending is less than the growth in revenues. Actions by the General Assembly to increase entitlement spending levels makes it exceedingly difficult for the Administration to achieve structural balance.

The FY 2022 General Fund forecast shows spending growth of 6.4%, whereas revenue growth is forecast to be 2.9%. Growth in State spending will outpace otherwise healthy revenue growth not only next year, but also for the foreseeable future. The result is a short and long-term structural gap that will continue to strain State resources until the underlying causes have been resolved.

Future Spending Outpaces Revenue Growth



Source: Department of Budget and Management, FY 2021 Budget Highlights Book, Appendix F (January 2020)

General Fund Budget Outlook Fiscal 2022 - 2025

	Est. 2022	Est. 2023	Est. 2024	Est. 2025
Cash Balance	-\$833	-\$1,135	-\$1,201	-\$1,298
Structural Balance	-\$701	-\$905	-\$984	-\$1,071

Department of Legislative Services, January 2020 Fiscal Briefing

For FY 22 – FY 25, the cumulative impact of an ongoing imbalance between spending and revenues is a \$3.6 billion structural gap. Our structural budget problem reflects a spending problem; not a revenue problem.

The ever-increasing use of mandates and entitlement spending by the General Assembly is a more recent practice, making the State's structural budget deficit a chronic challenge. According to the Department of Legislative Services (DLS), 70.2% of the FY 2020 General Fund allowance is mandated or entitlement spending.

Until we achieve long-term structural balance, programs cannot rely on a consistent funding level. Constituencies for these proposed programs or enhanced spending bills should be forewarned that passage

of this legislation does not guarantee future funding. Whatever specific funding is mandated will likely be repealed or otherwise modified in a subsequent Budget Reconciliation and Financing Act (BRFA) – this action is necessary to ensure a constitutionally required balanced budget in the next fiscal year.

The Administration is cognizant of the downside risks facing our economy and, in the FY 2021 Budget, has set aside \$1.3 billion in reserves. The Rainy Day Fund balance is equal to 6.25% of revenues, \$48 million more than recommended by the Spending Affordability Committee (SAC). Moody's Analytics has recently advised of a slowdown in employment growth in the latter part of FY 2021, which DLS estimates would add \$241 million to the structural budget gap in FY 2021 and \$419 million in FY 2022. Historic increases in funding for both K-12 education, as proposed by the Kirwan Commission, and school construction will further aggravate the budget gap.

The 2019 SAC commentary encourages a cautious fiscal approach -- **“Out-year fiscal stress is anticipated despite the expectation that personal income and employment will continue to grow steadily, and entitlement and prison caseloads will hold steady or decline. An imbalance is forecast before accounting for any recommendations from the Commission on Innovation and Excellence in Education.”**

**For additional information, contact Barbara Wilkins at
(410) 260-6371 or barbara.wilkins1@maryland.gov**