



Housing Initiative Partnership, Inc.

30 YEARS of Housing Security | Financial Stability | Community Success

February 26, 2020

Testimony to the Senate Budget and Taxation Committee SB192 – Budget Reconciliation and Financing Act of 2020

Re: National Capital Strategic Economic Development Program (NED) and
Seed Community Development Anchor Institution Fund

Dear Chairman Peters and Members of the Budget & Taxation Committee:

On behalf of Housing Initiative Partnership (HIP), we urge the committee to reject two proposals in SB 192, the Budget Reconciliation and Financing Act of 2020: 1) to eliminate funding for and repeal the establishment of the National Capital Strategic Economic Development Program (NED); and 2) cut by 50% the funding for the Seed Community Development Anchor Institution Fund and remove the funding mandate.

About HIP:

Housing Initiative Partnership, Inc. (HIP) is an innovative, green nonprofit developer based in Prince George's County, Maryland dedicated to revitalizing neighborhoods and removing blight. For over 30 years, HIP has created housing and economic security for persons of low- and moderate-income and provided services that improve the quality of life in the communities we serve. HIP has developed over 460 multifamily affordable rental units and 85 single-family homes for sale to low- and moderate-income families. HIP is also a full-service, bi-lingual HUD-Certified Housing Counseling Agency. In 2019, HIP counseled 1,355 families.

We are extremely concerned by the proposed cuts to NED and SEED which have demonstrated a proven track record of success developing affordable housing, revitalizing commercial spaces, removing blight, and leveraging public and private dollars.

Need to Fund the National Capital Strategic Economic Development Fund

Particularly troubling is the elimination of funding and the repeal of the National Capital Strategic Economic Development Fund (NED). The NED fund provides grants to nonprofit community development organizations and government agencies to assist with the predevelopment activities for residential and commercial development in revitalization areas. Activities can include items such as site acquisition, land assembly, architecture and engineering, infrastructure, and renovation of single-homes. The need for affordable housing is ever growing. 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. In addition, with the construction of the Purple Line





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connecting Montgomery and Prince George's Counties, there is significant pressure on existing affordable housing. Such infrastructure projects have historically caused significant displacement unless aggressive strategies are in place to protect existing residents. The corridor is already experiencing an accelerated rate of rent increases and a number of market-rate affordable apartment communities have been marketed and sold touting their "upside potential".

NED provides vital resources to leverage other private and public funds to create more affordable housing. HIP has received NED funds to support the construction of infill Net Zero Ready homes in Palmer Park and the Town of Fairmount Heights. In both communities, these will be the first new construction homes in over 25 years and they will be sold to first-time homebuyers earning 80% or less of AMI. NED funds will assist with the infrastructure costs. This is a critical resource which helped to push both projects forward and keep the homes affordable to homeowners earning 80% or less of area median income. Water and sewer utility connections alone will cost approximately \$350,000. Without resources like NED, it is extremely difficult to maintain affordable sales prices.

In 2019, NED funded 18 projects from predevelopment expenses, to renovation and new construction of single-family homes, to the development of new affordable apartments, to commercial façade improvements and lighting, to new community facilities.

The Washington, DC metropolitan area is extremely expensive. Providing quality housing near jobs reduces commute times, lessens the burden on road, reduces emissions, and improves citizens' quality of life. With such great need, production needs to scale up. This is extremely difficult to do when the source of gap funds ebbs and flows. The National Capital Strategic Economic Development Program funds are critical to the work that HIP and other nonprofit developers undertake to increase the number of quality, affordable housing opportunities available for Maryland families.

We strongly urge the Committee to make whole the National Capital Strategic Economic Development Program and the Seed Community Development Anchor Institution Fund. Please make the following amendments to SB192:

- On page 5, delete in their entirety lines 5 through 8.
- On page 18, delete in their entirety lines 9 through 16.

Sincerely,
Stephanie Prange Proestel
Deputy Director
Housing Initiative Partnership

