



Neighborhood Housing Services of Baltimore, Inc.

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The Honorable Chairman Pinsky
Senate Education, Health & Environmental Affairs
Miller Senate Building 2W
Annapolis, MD 21401

RE: Support for SB 822

Chairman Pinsky and Members of the Committee;

Neighborhood Housing Services of Baltimore (NHS) is a non-profit organization serving residents of Baltimore City. NHS is certified by the Department of Housing and Urban Development to provide housing counseling services to our community. Last year NHS provided an eight hour homebuyer education class to 492 clients, provided one on one counseling appointments to 205 clients resulting in 255 documented home purchases. Many of these borrowers participated in the Maryland Mortgage Program (MMP).

During the 2018 legislative session HB106 passed. This bill removed the requirement that local jurisdictions determine the counseling and education requirements for MMP in addition to allowing online counseling statewide and portability of certificates between counties. This bill was done as a collaborative effort with DHCD and the counseling community. As part of this effort, DHCD partially funded an outreach campaign. With the funding from the state and additional funding raised privately, a marketing campaign was completed promoting the MMP program and the need to complete counseling and education. Unfortunately, the Department of Housing and Community Development (DHCD) has not chosen to support Maryland based homebuyer education and counseling as part of their outreach. The website for DHCD currently promotes opportunities for online homebuyer education from out of state agencies and does not even list Maryland agencies. NHS requested to be placed on the website for referral purposes in May 2019. The website was not updated. When NHS followed up last week we were told that DHCD is determining how to post these going forward and that they will hold our information in the file. It is unclear why DHCD would undermine the marketing campaign that helped expand use of the product by promoting out of state business over Maryland businesses when the same services are available on the same timeframe.

Data is critical for successful implementation and evaluation of any program. DHCD has argued that capacity does not exist within the housing counseling agencies to meet the needs of the MMP. When asked for data, significantly flawed information was





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provided. Most counseling agencies offer online counseling as an option for clients. This can be accessed at the clients convenience. There is no delay in completing the course. NHS currently has a 4 day wait once we receive documentation from clients seeking a one on one appointment. The critical component is that clients complete education and counseling prior to looking for a home. This can easily be accomplished by the department by prioritizing education and counseling from the beginning. Currently DHCD refers perspective clients to lenders and not to counseling agencies. Lenders are motivated to close deals as quickly as possible. DHCD has chosen to minimize the importance of housing counseling and education throughout the process.

The commitment of HUD certified homebuyer education and counseling groups is to work in the best interest of clients. While Maryland residents should expect the same level of commitment from state agencies, this administration has chosen to take a different approach. According to a real estate agent who has closed at least 25 MMP loans annually for many years, the program is much less competitive than in the past. Previously, the state worked to maintain rates that were at market levels or better and to also provide down payment assistance. The current administration relies on the down payment funds which require repayment from the borrower to market the program. Lower income borrowers are also qualifying for much lower borrowing capacity compared to other conventional products. According to this agent, clients use the product because they trust the state. It is possible that the state does not want to permit one on one counseling because agencies may help clients understand that there are better options compared to MMP for them in the market. While we should all desire to see more successful homeowners, the states focus on expanding the program rather than ensuring that those who most need access to assistance are able to achieve homeownership.

As a counseling agency we prefer partnering with DHCD. Unfortunately, when the department is more committed to producing high growth and not working in the best interest of clients we are obligated to highlight this for the legislature and promote changes to laws. In order to ensure Maryland agencies are utilized to provide services and clients are well served we request a **favorable** report on SB 822.

Sincerely,
Daniel T. Ellis
Executive Director

