



**Testimony SB 643**  
**Budget & Taxation Committee**  
**March 8, 2023**  
**Position: FAVORABLE**

Dear Chairman Guzzone and Members of the 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.

SB643 creates a permanent funding source for the Community Development Fund which was created in 2018. The funding is critical operating dollars for community-based organizations to use for affordable housing, neighborhood and commercial revitalization, housing and financial counseling, small business development, community services, and more. We are seeking \$5 million from the Unclaimed Property Fund after usual disbursements have been made.

Organizations need to have adequate operating capital available to support payroll and other expenses, as well as to pay for unanticipated costs or increases. Inflation, supply chain delays and pandemic response has made everything more expensive in the last three years. Private and philanthropic support has favored bricks and physical investments over operational support. It has made the need for a Community Development Fund much more urgent as groups respond to community needs and work to build a state with greater opportunity.

Each year our members rely on funding from Capital Budget, including Community Legacy, Baltimore Regional Neighborhood Initiative (BRNI), National Capital Strategic Economic Development Fund (NED), Main Streets, Maryland Housing Counseling Fund as well as funds from Rental Housing Programs, Rental Housing Partnership and Tax Credits, to complete a wide variety of rental housing, home ownership and community revitalization projects throughout the state of Maryland. While these funding sources from the Department of Housing and Community Development come with some operating support it is simply not enough to sustain organizations operations.

The last three years have been especially challenging. According to researchers from the National Alliance of Community Economic Development Associations (NACEDA) many

organizations are experiencing financial stress—operating margins and net incomes are declining, on average. A third of community-based development organizations (CBDO) have experienced financial disruptions and insolvency. Further, the report found that a disproportionate amount of the sector’s resources is concentrated in a few of the larger organizations, and those larger organizations tend to be more stable financially. Smaller CBDOs own fewer assets than large CBDOs and are more likely than larger organizations to experience negative net income and cannot afford lines of credit.

These national trends are in line with the experiences of organizations in the state of Maryland. The proposed Community Development Fund would complement existing public and private funds for housing and community development projects and allow groups especially smaller groups, to have some stability. The community development sector is critical for the improvement of health, economic development and education in the State of Maryland. These are vital community partners.

Please vote a favorable report for SB643.

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