



Neighborhood Housing Services of Baltimore, Inc.

February 17, 2023

Senator Brian J. Feldman
Education, Energy, and the Environment Committee
Miller Senate Office Building
Annapolis, MD 21401

RE: Senate Bill 445

Position: SUPPORT

Dear Chairperson Feldman and Members of the Committee:

I am the Executive Director of Neighborhood Housing Services of Baltimore. NHS, a non-profit working in Baltimore City, believes that social and economic justice are a right for all people and all communities, and that they deserve the opportunity for decent housing and financial stability for their families. We promote this belief by offering housing counseling, financial coaching, affordable loans to low- and moderate-income customers, conducting acquisition and renovation on vacant properties, community engagement, and helping money flow into historically disinvested communities.

As a non-profit developer working in West Baltimore, NHS is often confronted with properties where the construction cost exceeds the sale price of the home. One example of this problem is 3007 Walbrook Ave. This house cost \$277,441 to purchase and build. The home sold for \$233,000, which resulted in an appraisal gap of \$44,441. This gap was closed on this home using a federal program that isn't often available to developers. There is significant need for a sustainable program to address this issue around the state. A recent report released by the Maryland Department of Housing and Community Development showed that our state has a need for an additional 120,000 affordable housing units. As a state we need to be aggressively creating and preserving both rental and homeownership units. Significant amounts of research indicate that homeownership is one of the best wealth building tools available to families. Each year NHS helps over 300 families purchase homes through our homeownership center by providing housing counseling and lending services. As prices have increased significantly over the past 5 years many first time home buyers have not been able to find affordable homes to purchase.



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The Appraisal Gap From Historic Redlining Financial Assistance Program will result in additional units being available for homeownership while also providing a tool to help address the needs of communities impacted by vacant properties. The program can also be used to construct new homes for affordable homeownership allowing it to be effective across the entire state.

SB445 clarifies the appropriate use of funds within the program providing flexibility to the Department of Housing and Community Development to meet the needs of the entire state. It is critical that we create a flexible program with strong funding to address the needs of our state.

We request a **favorable** report on SB445.

Sincerely



Daniel T. Ellis
Executive Director