Maryland
DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT

WES MOORE
Governor

ARUNA MILLER
Lt. Governor

JACOB R. DAY
Secretary

JULIA GLANZ
Deputy Secretary

DATE: February 25, 2025

BILL NO.:   Senate Bill 890

TITLE: **Housing and Community Development – Division of Just Communities - Establishment**

COMMITTEE: **Senate Education, Energy, and the Environment Committee**

Letter of Information

Description of Bill:

Senate Bill 890 establishes the Division of Just Communities (DJC) within the Housing and Community Development article in statute. The legislation transfers authority to designate an area as a "Just Community" from the Governor to DHCD. The criteria to designate an area as a Just Community is altered and expanded. The legislation also defines the scope of how DHCD can utilize the DJC to identify and prioritize funding to address challenges in Just Communities that involve the rental housing market, mortgage lending, housing valuation practices, disparities with housing infrastructure, foreclosures, and intergenerational wealth. Additionally, the DJC is to "ensure coordination with activities funded through" the CORE Partnership Fund and the Community Health and Safety Works Grant Program.

Background and Analysis:

In 2024, House Bill 241 and Senate Bill 308 were passed into law, creating the JC designation, authorizing the Governor to designate an area, and providing for the prioritization of state funding to accomplish the mission of the division. This bill was passed with the intent that the DJC would grow and add staff as needed from DHCD's yearly operating and capital budgets. However, many of the provisions of SB 890 would require additional staff to accommodate the shift in scope or are outside of the range of activities of which our current team has expertise. Further, requirements to coordinate with other programs within the agency necessitate additional staff for the DJC to assess which programs are most relevant on which to coordinate.

To identify communities with eligible criteria for the JC designation, the DJC has been developing a geographic data layer under the 2024 legislation's criteria for prioritization. This data layer would be used to ultimately assign a weighted value to each data source (disparities in housing/neighborhood conditions) with the goal of developing a composite Just Community Score for identified areas. This requires GIS-based analyses on the data in the geographic data layer, and for the DJC/DHCD to build a publicly accessed Just Community Score Viewer/Tool. This is currently accomplished with staff time from a GIS analyst from another division within DHCD. However, Senate Bill 890 would alter the criteria by which a Just Communities designation would be made and would require additional staff to update the existing maps. For example, criteria like a "hazardous" classification from the Homeowner's Loan Corporation, or for an area to be subject to an extended list of environmental hazards are not data points currently sought by the DJC and would require enough staff-time to necessitate another GIS analyst for the DJC specifically to map and collect necessary data.

MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
7800 HARKINS RD ● LANHAM, MD 20706 ● DHCD.MARYLAND.GOV
301-429-7400 ● 1-800-756-0119 ● TTY/RELAY 711 or 1-800-735-2258

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Under the 2024 bill, the DJC was given the statutory intent to prioritize state funding "to increase racial, economic, and health equity in the state". Further, as stated in the fiscal note for HB 241/SB 308, and along with the recently hired assistant secretary, the intent is to "actively hire staff to…assist in the designation of Just Communities". Last year, this was operationalized through the hiring of our Director of the DJC. Under SB890, the DJC would have additional challenges to address, such as the rental housing market, mortgage lending, housing valuation practices, disparities with housing infrastructure, foreclosures, and intergenerational wealth. Some, such as housing valuation practices and disparities with housing infrastructure, are within the current scope of the DJC and would not require additional staff to implement. However, expertise on the rental housing market and mortgage lending are outside of the expertise of the two current division staff and would necessitate an additional program manager to support the division.

The requirement in Senate Bill 890 for the DJC to coordinate with activities funded through the CORE Partnership Fund and the Community Health and Safety works program would also require additional staff to implement. While the CHSW and CORE programs are within DHCD, the DJC is not in the same division as those two programs – which are currently within the Division of Neighborhood Revitalization. This poses a challenge in coordination as not all activities eligible for funding for the CHSW and CORE programs are applicable to the six categories outlined in 5.5-102 (b) (1) (I-VI). For example, the Community Health and Safety works program has an eligible use of funds for allowing the purchase and installation of camera equipment and other security measures on a property. To coordinate activities with the Division of Neighborhood Revitalization's programs, any staff from the DJC would require a background in similar programs. DHCD estimates that this level of expertise would require two additional staff to coordinate activities for each program. DHCD also estimates that an additional administrative position would be required to facilitate communication between divisions and assist the DJC in coordinating activities.

SB 890 also places a mandate on the division to "identify and secure grants and funding to administer initiatives and programs". This differs from the coordination required between DHCD's internal divisions and would necessitate a grant specialist with expertise in the same program categories on which DJC does not have expertise: the rental housing market at large, and mortgage lending.

The legislation also requires DHCD to provide technical assistance to local public agencies, nonprofit organizations, and other local organizations that aim to achieve a purpose in line with the DJC. To liaison with any groups that require technical assistance, DHCD estimates a need for a Community Assistant to be the primary lead.