

SA0
Department of Housing and Community Development

Capital Budget Summary

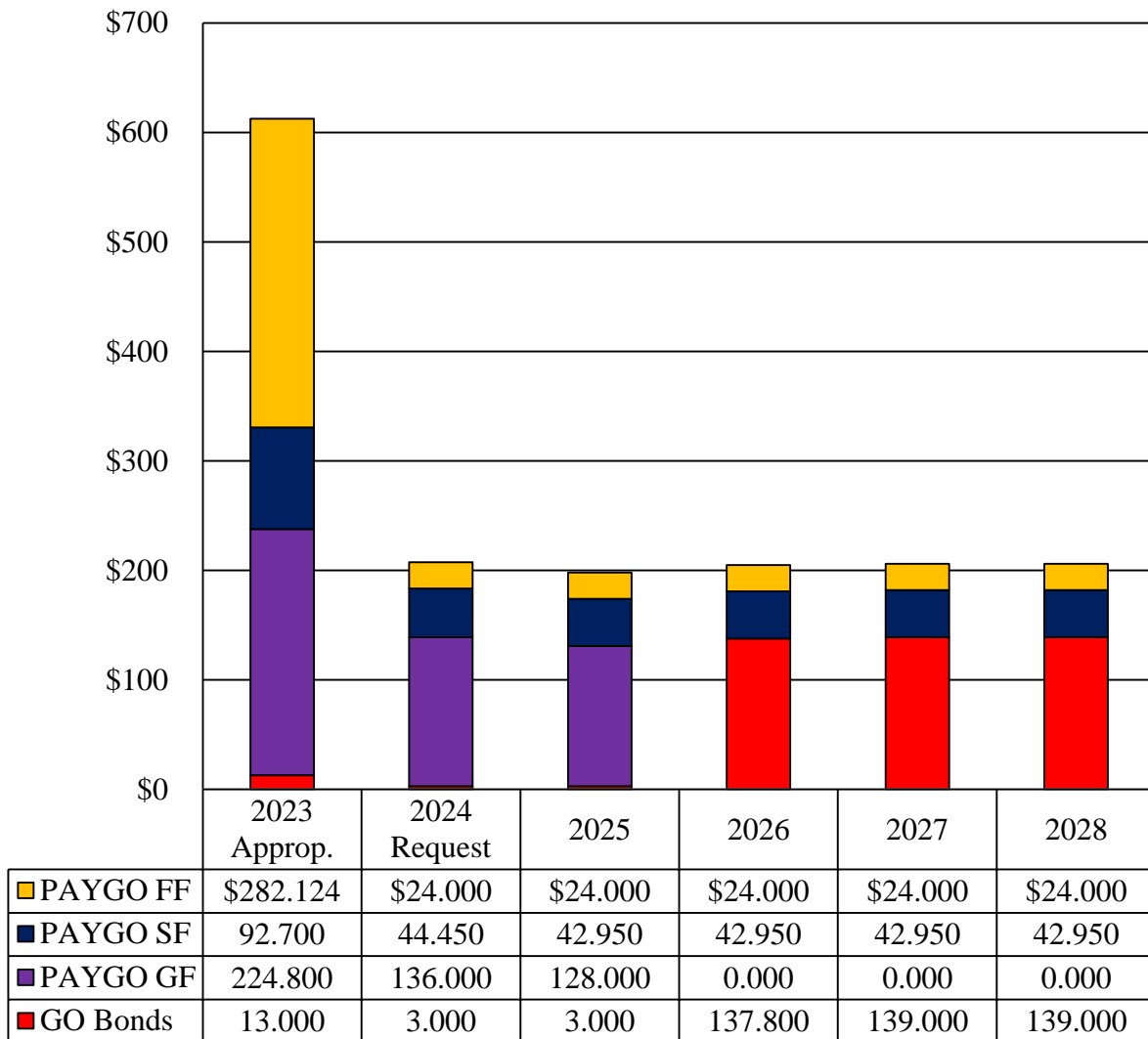
Grant and Loan *Capital Improvement Program*
(\$ in Millions)

Program	2023 Approp.	2024 Request	2025 Est.	2026 Est.	2027 Est.	2028 Est.
Community Development Block Grant Program	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000
Baltimore Regional Neighborhoods Initiative	12.000	12.000	12.000	12.000	12.000	12.000
Community Legacy Program	8.000	6.000	8.000	8.000	8.000	8.000
National Capital Strategic Economic Development Program	10.000	7.000	7.000	7.000	7.000	7.000
Neighborhood Business Development Program	46.900	22.200	17.200	19.200	19.200	19.200
Seed Community Development Anchor Institution Fund	10.000	10.000	10.000	10.000	10.000	10.000
Strategic Demolition Fund	30.000	25.000	20.000	20.000	20.000	20.000
Homeownership Programs	107.000	21.000	21.000	23.800	25.000	25.000
Housing and Building Energy Programs	19.600	15.850	15.850	15.850	15.850	15.850
Partnership Rental Housing Program	12.000	6.000	6.000	8.000	8.000	8.000
Rental Housing Programs	150.500	57.000	55.500	55.500	55.500	55.500
Shelter and Transitional Housing Facilities Grant Program	3.000	3.000	3.000	3.000	3.000	3.000
Special Loan Programs	10.400	10.400	10.400	10.400	10.400	10.400
Statewide Broadband	171.224	0.000	0.000	0.000	0.000	0.000
Laurel Park – Backstretch Housing	10.000	0.000	0.000	0.000	0.000	0.000
Total	\$612.624	\$207.450	\$197.950	\$204.750	\$205.950	\$205.950

For further information contact: Emily R. Haskel

Emily.Haskel@mlis.state.md.us

SA0 – Department of Housing and Community Development – Capital



FF: federal funds
 GF: general funds
 GO: general obligation
 PAYGO: pay-as-you-go
 SF: special funds

Note: Fiscal 2023 includes \$65.0 million in federal funds for the Homeowner Assistance Fund in the Homeownership Programs appropriation, \$21.0 million in federal funds for the State Small Business Credit Initiative and \$900,000 in federal funds for the Homeownership Works pilot program in the Neighborhood Business Development Program appropriation, \$30.0 million in special funds in the Rental Housing Programs appropriation from income tax revenues provided per Chapter 337 of 2022, and \$3.75 million in special funds in the Housing and Building Energy Programs appropriation from funding restricted in the Rainy Day Fund to implement the Climate Solutions Now Act of 2022 (Chapter 38). Fiscal 2023 funding for Statewide Broadband reflects federal funds from the American Rescue Plan Act allocated in the Dedicated Purpose Account.

Key Observations

- ***Overall Funding Decreases in Fiscal 2024 Due to One-time Funds Provided in Fiscal 2023:*** The proposed fiscal 2024 funding level of \$207.5 million represents a decrease of 66% compared to fiscal 2023, when an unprecedented level of funding was provided. Fiscal 2024 proposed funding exceeds the amount planned in last year’s *Capital Improvement Program (CIP)* by 25%, primarily due to continued funding for the Strategic Demolition Fund and the Homeownership Works (HOW) pilot program, neither of which was programmed to continue beyond fiscal 2023.
- ***Federal Funds Not Recognized in CIP:*** The Department of Housing and Community Development (DHCD) has received or anticipates receiving significant pay-as-you-go (PAYGO) federal funds from the American Rescue Plan Act (ARPA) and Infrastructure Investment and Jobs Act (IIJA) for homeowner assistance, small business assistance, rental housing, and broadband initiatives that are not programmed in the CIP, either in fiscal 2024 or in the out-years.

PAYGO Recommended Actions

1. Adopt the following narrative:

Federal Funds in the Capital Improvement Program (CIP): The committees request that the Department of Housing and Community Development (DHCD) and the Department of Budget and Management (DBM) program estimates of federal funds anticipated to be made available from the American Rescue Plan Act and Infrastructure Investment and Jobs Act in the annual CIP submission. This should include estimates for the proposed budget and each of the out-years programmed in the CIP. The committees recognize that these estimates may be subject to change based on changing federal guidance or program implementation schedules.

Information Request	Author	Due Date
Estimates of anticipated federal funds	DHCD DBM	With the submission of the 2024 capital budget, or with earlier budget documentation as appropriate

GO Bond Recommended Actions

1. Approve the general obligation bond authorization for the Department of Housing and Community Development.

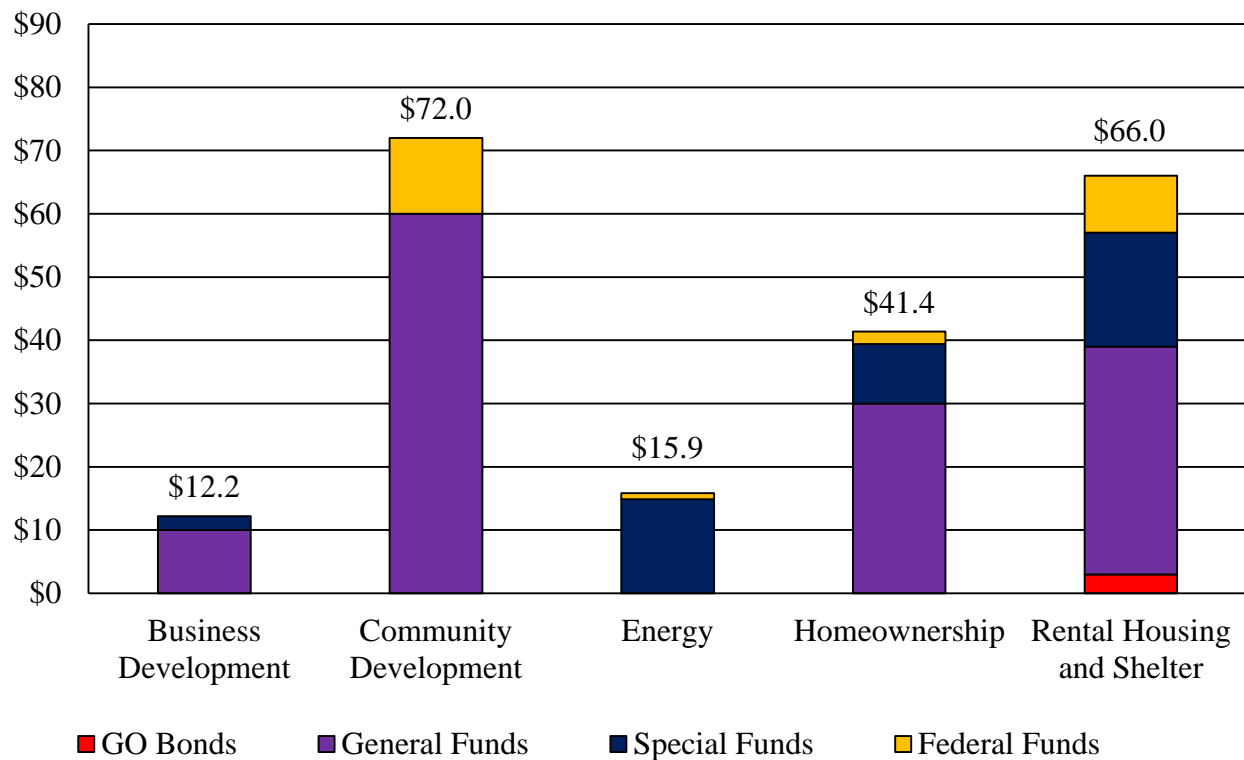
Updates

- ***Laurel Park – Backstretch Housing:*** In addition to the \$10.0 million in general obligation (GO) bond funding provided in fiscal 2023, Chapter 344 of 2022 (the capital budget bill) included a preauthorization of \$10.0 million for fiscal 2024. The 2023 capital budget bill as introduced does not include funding for the project.
- ***Climate Solutions Now Act of 2022 (Chapter 38):*** Chapter 38 requires DHCD to develop and implement a grant program to reduce greenhouse gas emissions in affordable housing projects and mandates funding of \$5.0 million annually from fiscal 2024 to 2026. This mandate is met in fiscal 2024 with \$5.0 million in general funds in DHCD’s operating budget. In addition, the General Assembly provided \$3.75 million in funding for the program in fiscal 2023 through DHCD’s capital budget by restricting funding in the Revenue Stabilization Account, or Rainy Day Fund, which Governor Wes Moore released in January 2023. DHCD is in the process of developing the program and anticipates opening applications by July 2023.

Budget Overview of Grant and Loan Programs

DHCD’s fiscal 2024 proposed capital budget totals \$207.5 million across 13 programs. DHCD uses its capital funding to create and preserve affordable rental housing, promote homeownership, improve energy efficiency for low-income households, and provide financial assistance for business and community development projects. The department also provides grants to expand broadband infrastructure in the State, although no funding for broadband initiatives is included in the fiscal 2024 capital budget. **Exhibit 1** shows the proposed fiscal 2024 funding by category, with various community development programs accounting for 35% of funding and rental housing and shelter programs comprising 32%.

Exhibit 1
Fiscal 2024 Request by Fund Source
 (\$ in Millions)



GO: general obligation

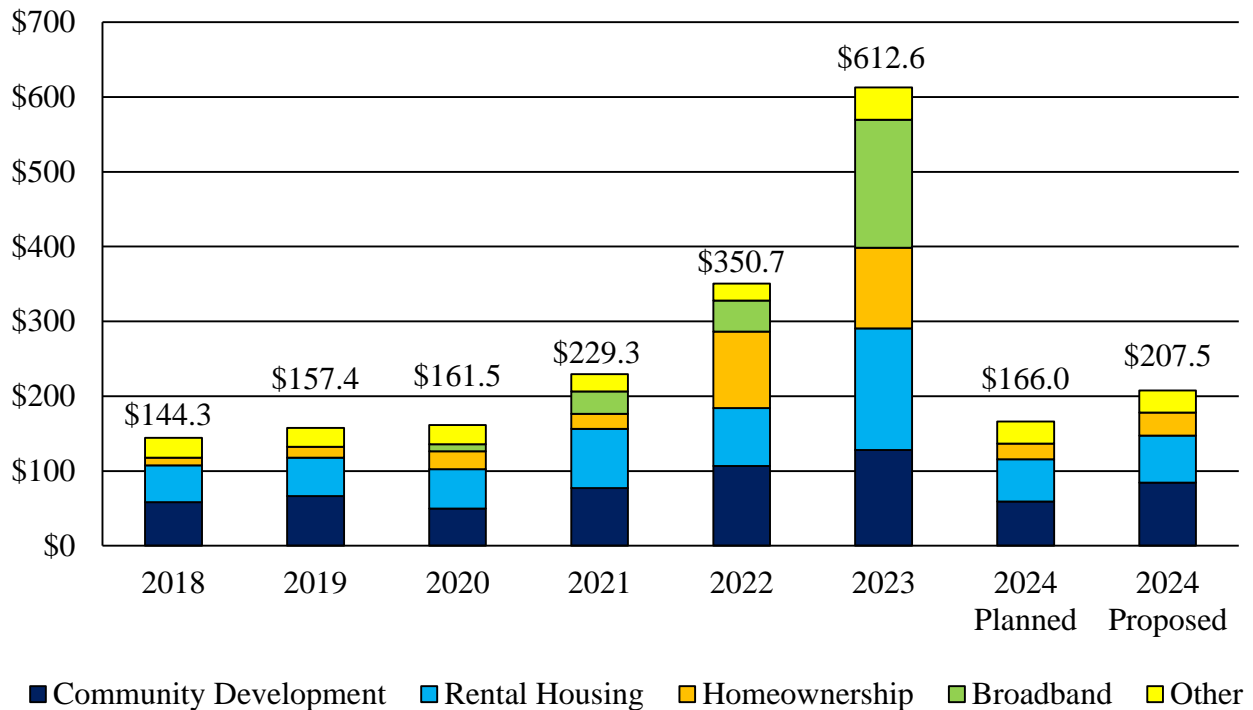
Note: The homeownership category includes special loan programs and the Homeownership Works program.

Source: Department of Budget and Management

SA0 – Department of Housing and Community Development – Capital

The \$207.5 million proposed for fiscal 2024 is \$405.2 million, or 66%, less than the fiscal 2023 appropriation. However, as shown in **Exhibit 2**, an unprecedented level of funding was provided in fiscal 2023, much of which was intended to be of a one-time nature with enhancements above planned levels across most of DHCD’s programs, particularly in rental housing and homeownership. In addition, fiscal 2023 includes significant federal funds available from the ARPA, including \$171.2 million appropriated for broadband initiatives in the Dedicated Purpose Account, \$65.0 million for the Homeowner Assistance Fund, and \$21.0 million for the State Small Business Credit Initiative (SSBCI) program. The fiscal 2024 proposed funding is in line with spending in prior years and exceeds the amount planned for fiscal 2024 in last year’s CIP by 25%. This increase over the planned amount is primarily due to funding for the Strategic Demolition Fund, including Project C.O.R.E. (Creating Opportunities for Renewal and Enterprise), and the HOW pilot program, neither of which was planned in last year’s CIP to continue beyond fiscal 2023.

Exhibit 2
Department of Housing and Community Development Capital Budget
Fiscal 2018-2024
(\$ in Millions)



Note: Fiscal 2023 includes funding appropriated in the Dedicated Purpose Account for broadband initiatives. Homeownership funding in fiscal 2022 and 2023 includes federal funds from the American Rescue Plan Act for the Homeowner Assistance Fund. Homeownership Works funding is included in the homeownership category.

Source: Department of Budget and Management

Federal Funds Not Recognized in CIP

DHCD capital programs have received significant federal funding in recent years from the ARPA, and several ARPA programs have large balances of funds that have not yet been appropriated. For example, DHCD is expected to receive \$103.4 million in SSBCI funding across fiscal 2022 to 2028, with \$69.0 million not yet appropriated and no funding included in the proposed fiscal 2024 capital budget. Funding for the Homeowner Assistance Fund totals \$248.6 million, which DHCD is deploying across both the operating and capital budgets from fiscal 2022 through 2026, with \$27.8 million not yet appropriated. DHCD also plans to direct \$18.2 million of its ARPA award for the HOME Investment Partnerships Program (known as HOME-ARP) to the development of affordable rental housing over the course of fiscal 2023 to 2030, none of which has been appropriated. In addition, DHCD anticipates receiving at least \$100 million in federal funds from the IJA for broadband infrastructure expansion. No funding for these ARPA and IJA programs is reflected in the CIP, either in fiscal 2024 or in the out-years.

The Department of Legislative Services recommends adopting narrative requesting that estimates of anticipated federal funds be included in the CIP. This would improve transparency regarding available federal funding and the department’s long-term planning for these initiatives.

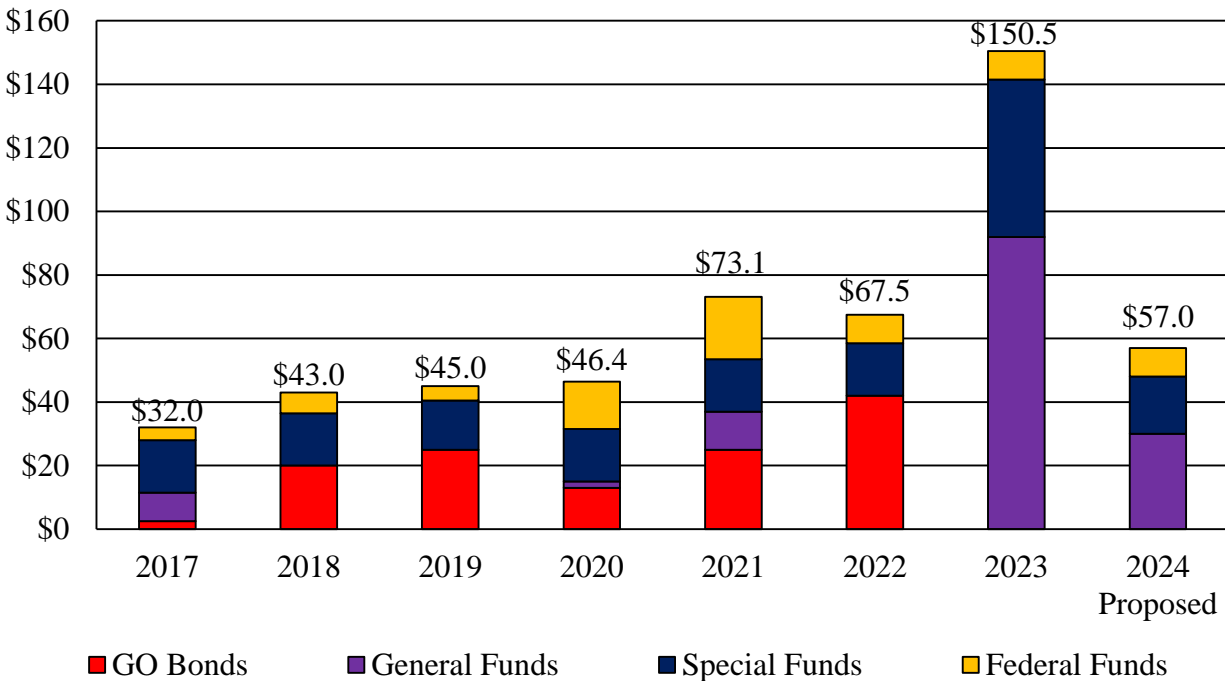
Broadband programs are discussed further in Issue 1 of this analysis, and SSBCI is discussed in Issue 2. The Homeowner Assistance Fund and HOME-ARP are discussed further in the operating budget analysis for DHCD – S00A.

Rental Housing Programs

Rental Housing Programs, including Rental Housing Works, are used to rehabilitate and create new affordable housing for low- to moderate-income individuals, families, and elderly residents or special needs populations. Funding is typically paired with financing through Low Income Housing Tax Credits (LIHTC) and/or DHCD’s Multifamily Bond Program. Two types of LIHTCs are available – 9% credits are limited and awarded competitively, while 4% credits are unlimited for qualified projects financed with tax-exempt housing bonds.

As shown in **Exhibit 3**, funding for Rental Housing Programs has increased significantly over the past several years, including an unprecedented level of funding provided in fiscal 2023 due to the use of available budget surplus as well as the transfer of \$30.0 million in income tax revenues to the Rental Housing Fund authorized by Chapter 337 of 2022. The proposed fiscal 2024 funding level of \$57.0 million exceeds the amount planned in last year’s CIP by \$6.5 million but represents a decrease of \$10.5 million, or 15.6%, compared to the fiscal 2022 level.

Exhibit 3
Funding for Rental Housing Programs in the Capital Budget
Fiscal 2017-2024
(\$ in Millions)



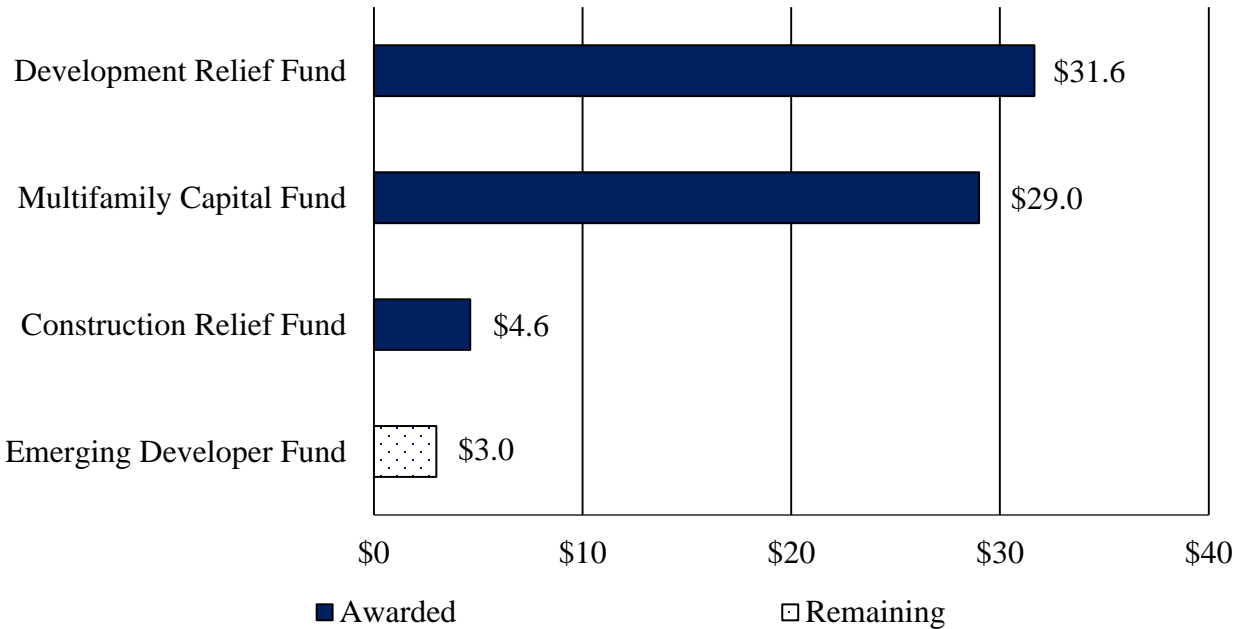
GO: general obligation

Source: Department of Budget and Management

In addition to the funding shown in Exhibit 3, DHCD is also using additional sources of federal funding from the ARPA to supplement efforts to develop affordable housing: (1) \$25.5 million in Emergency Rental Assistance Program (ERAP) funding that has been appropriated in DHCD’s operating budget; and (2) \$18.2 million in HOME-ARP funding that has not been appropriated and is expected to be used at a pace of approximately \$3 million annually from fiscal 2025 to 2030. This HOME-ARP funding is in addition to the department’s regular HOME federal funding programmed in the CIP at \$5.0 million annually. ERAP and HOME-ARP are discussed further in the operating budget analysis for DHCD – S00A.

In addition to deploying \$98.7 million through the department’s regular rental housing programs in fiscal 2023, DHCD created new programs that provide relief for projects that have experienced cost increases and support new real estate developers. **Exhibit 4** shows the funding allocated to each. DHCD awarded funds in January 2023 under the first three programs, while applications for the Emerging Developer Fund are under review as of the time of writing.

Exhibit 4
New Rental Housing Programs
Fiscal 2023
(\$ in Millions)



Source: Department of Housing and Community Development

- **Development Relief Fund:** \$31.6 million, including \$25.5 million in ERAP federal funds, was awarded to 16 projects that had received 9% LIHTC awards and faced increased construction costs.
- **Multifamily Capital Fund:** \$29.0 million was awarded to six projects financed through DHCD’s Multifamily Bond Program and 4% LIHTC that demonstrated large financing gaps.
- **Construction Relief Fund:** \$4.6 million was awarded to five projects that received 4% LIHTC awards and faced increased construction costs.
- **Emerging Developer Fund:** \$3.0 million in special funds reallocated from DHCD’s closed Base Realignment and Closure program will provide no-interest short-term loans of up to \$500,000 for predevelopment activities to newer affordable housing developers working in historically undercapitalized communities. Applications were due in August 2022 and are under review by DHCD.

Strategic Demolition Fund

The Strategic Demolition Fund provides grants for demolition, land assembly, housing development or redevelopment, and revitalization projects. The program includes a statewide component as well as Project C.O.R.E., which funds blight removal and redevelopment in Baltimore City. Last year’s CIP had planned for the \$30.0 million provided in fiscal 2023 to be the final year of funding, whereas the 2023 CIP includes \$25.0 million for the program in fiscal 2024 and \$20.0 million annually in the out-years, using PAYGO general funds in fiscal 2024 and 2025 and GO bonds in future years. The fiscal 2024 funding of \$25.0 million includes \$20.0 million for Project C.O.R.E. and \$5.0 million for the statewide program.

Exhibit 5 shows the fiscal 2023 Strategic Demolition Fund awards by jurisdiction. Project C.O.R.E. awards totaled \$21.3 million for 26 projects, including \$7.0 million awarded to the Maryland Stadium Authority for the demolition of blighted properties in partnership with Baltimore City. The statewide program made awards totaling \$7.5 million for 22 projects.

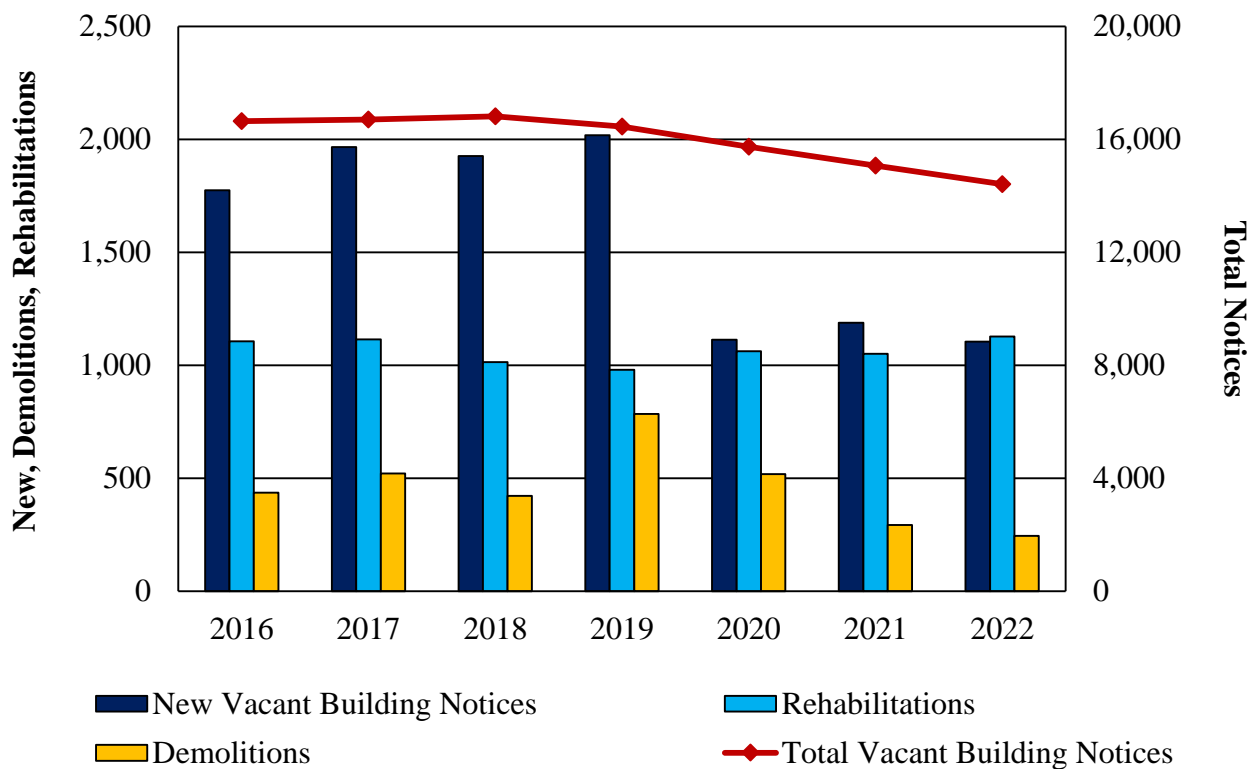
Exhibit 5
Strategic Demolition Fund Awards
Fiscal 2023

<u>Jurisdiction</u>	<u>Award Amount</u>	<u>Projects</u>
Allegany	\$325,000	1
Anne Arundel	130,000	1
Baltimore	1,000,000	1
Baltimore City	21,250,000	26
Caroline	200,000	1
Carroll	400,000	1
Charles	365,000	2
Dorchester	735,000	3
Frederick	700,000	2
Harford	500,000	1
Howard	375,000	2
Somerset	250,000	1
Talbot	270,000	1
Washington	1,000,000	2
Wicomico	1,000,000	2
Worcester	250,000	1
Total	\$28,750,000	48

Source: Department of Housing and Community Development

In a Project C.O.R.E. milestone report released in February 2022, DHCD noted that Project C.O.R.E. had resulted in the elimination of more than 5,000 blighted units as well as the creation of more than 1,000 new units of housing in the first six years of the program from fiscal 2016 to 2021. **Exhibit 6** shows the total vacant building notices over time in Baltimore City as well as the number of new vacant building notices, demolitions, and rehabilitated vacant buildings. Total vacant building notices have declined by 13% from calendar 2016 to 2022, driven in part by a decrease in new vacant buildings. More than 3,200 demolitions and nearly 7,500 rehabilitations took place over this period.

Exhibit 6
Vacant Building Measures – Baltimore City
Calendar 2016-2022



Source: Baltimore City Department of Housing and Community Development

Neighborhood Business Development Program

The fiscal 2024 proposed budget includes \$20.0 million in general funds and \$2.2 million in special funds for the Neighborhood Business Development Program, which operates as Neighborhood BusinessWorks (NBW). This represents a decrease of \$2.8 million compared to fiscal 2023 (due to one-time supplemental funding in fiscal 2023) but is \$10.0 million over the planned amount. The increase over the planned amount is due to funding provided for the HOW program, which was piloted in prior years using \$10.2 million in federal State Fiscal Recovery Funds from the ARPA. NBW is also the DHCD program through which SSBCI funds are being deployed, although as discussed, there is no SSBCI funding included in the CIP.

Homeownership Works

The HOW program is designed to promote homeownership through grants and loans for new construction as well as rehabilitation of vacant homes. The CIP includes \$10.0 million in general funds for the HOW program in fiscal 2024 and plans \$5.0 million annually in the out-years, with general funds used in fiscal 2025 and GO bonds used in future years. The program was first funded in fiscal 2022 using \$9.25 million in State Fiscal Recovery Funds from the ARPA, and the fiscal 2023 appropriation includes a further \$900,000 from the same source. The fiscal 2023 funding is restricted pending the submission of regulations related to Chapters 702 and 703 of 2021, which established the Appraisal Gap from Historic Redlining Financial Assistance Program. As of the time of writing, DHCD had not submitted the regulations but expected to submit them soon.

The HOW program was piloted in two communities in fiscal 2022 and 2023 – Johnston Square in Baltimore City and the Pine Street Historic District in Cambridge. In Baltimore City, DHCD is partnering with the nonprofit ReBUILD, which is identifying up to 15 homes to receive façade improvements. DHCD notes that a further 30 homes will be created through stabilization and rehabilitation of vacant properties, and DHCD’s special loans programs are also providing critical repairs for 13 nearby homes. DHCD is partnering with Dorchester County and Habitat Choptank on the Pine Street project, which will use HOW funds to build new homes, provide façade assistance, and provide repairs for existing homeowners. DHCD has issued a request for proposals to select a developer for new housing construction, and engineering has begun for public infrastructure improvements such as water and sewer line replacement and street repaving that will enable the new construction.

For fiscal 2024 funding and beyond, DHCD plans to allocate funds through a competitive process. DHCD advises that the method for how the department will identify the next target communities is still in development.

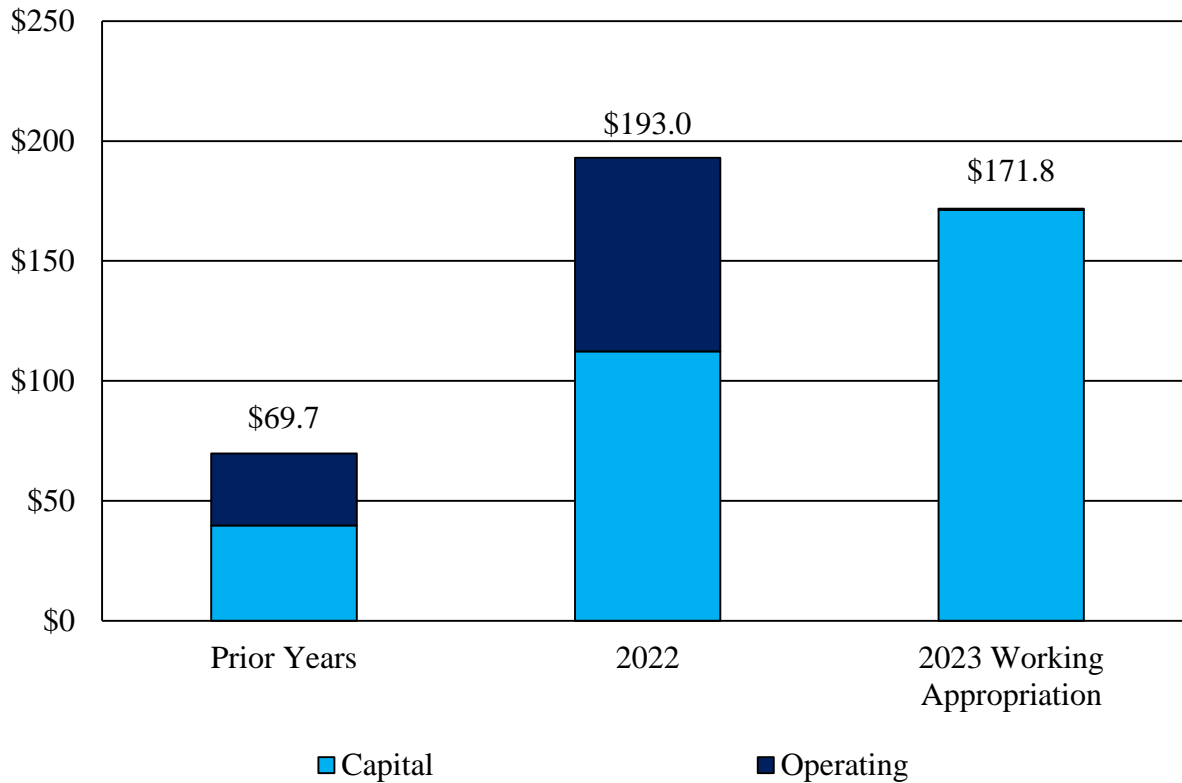
Issues

1. Broadband

Chapter 74 of 2021 renamed the Office of Rural Broadband in DHCD to the Office of Statewide Broadband (OSB) and expanded its responsibilities to include the development of a statewide broadband plan, collecting and publishing data on broadband availability and speed, and furthering digital inclusion efforts. Funding for broadband programs has also increased dramatically through federal legislation, including approximately \$400 million that the State designated to be used for this purpose from the ARPA and more than \$100 million anticipated from the IJA. Other than this federal funding, from fiscal 2019 to 2022, DHCD has administered \$9.7 million in GO bonds and \$6.0 million in general fund grants for the expansion of broadband infrastructure. DHCD also administered approximately \$22.7 million in federal funds from the CARES Act to support students' broadband needs.

Exhibit 7 shows all funding appropriated for broadband programs across DHCD's operating and capital budgets through the fiscal 2023 working appropriation. The fiscal 2024 allowance contains only \$1.3 million in general funds for OSB, including \$800,000 in administrative funding and \$500,000 for technical assistance and other operating grants. No funding is reflected yet in the fiscal 2023 working appropriation or the fiscal 2024 allowance for anticipated federal funds from the IJA (see further discussion under Anticipated IJA Funding heading). The majority of funding is provided through the capital budget for infrastructure expansion programs. Operating budget programs are discussed further in the operating budget analysis for DHCD – S00A.

Exhibit 7
Funding for Broadband Programs
Fiscal 2019-2023
(\$ in Millions)

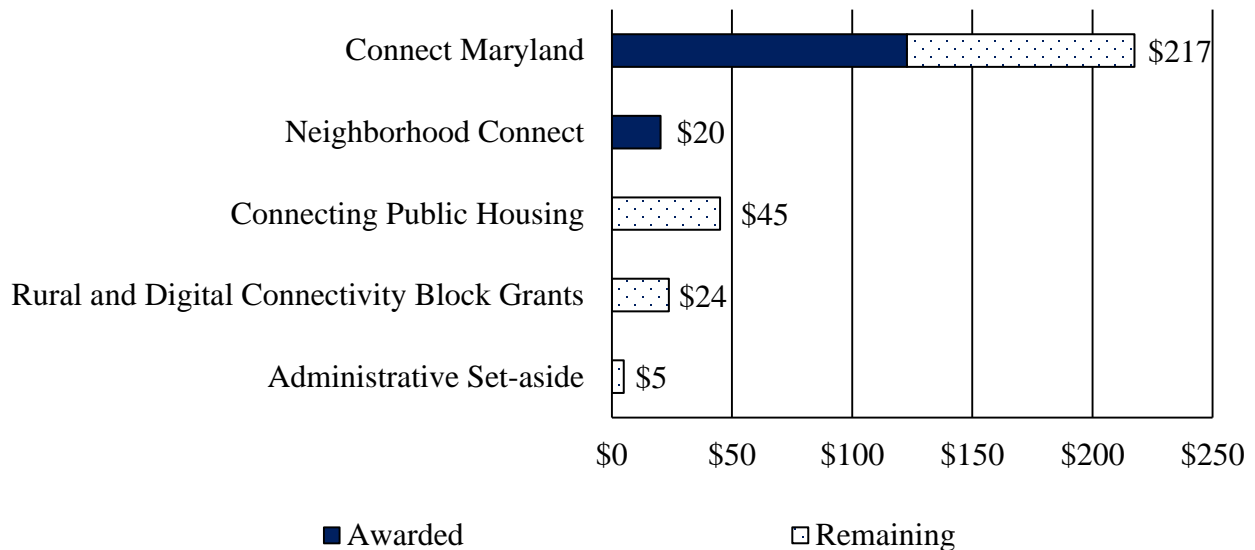


Note: Excludes personnel costs. Fiscal 2023 capital funding of \$171.2 million is appropriated in the Dedicated Purpose Account. The fiscal 2024 allowance includes only \$500,000 in general funds for broadband initiatives. Funding anticipated from the Infrastructure Investment and Jobs Act is not yet reflected in the budget.

Source: Governor’s Budget Books

Exhibit 8 shows the funding awarded or expended under each capital program using ARPA funding allocated across fiscal 2021 to 2023 as well as remaining allocated funds. **DHCD should comment on the status and anticipated timeline for the Connecting Public Housing and Rural and Digital Connectivity Block Grants programs.**

Exhibit 8
Broadband Programs Funded in the Capital Budget
Fiscal 2021-2023
As of February 2023
(\$ in Millions)



Source: Department of Housing and Community Development

- Connect Maryland:** Provides grants for the construction of new networks to unserved areas of 500 to 1,500 households. The application period for the remaining \$95.0 million in allocated funding closed in early December 2022, and awards are expected to be announced soon.
- Neighborhood Connect:** Provides grants for the extension of existing networks to unserved pockets of households. DHCD made awards totaling \$5.9 million in fiscal 2021 and \$14.4 million in fiscal 2022.
- Connecting Public Housing:** Funding for local jurisdictions to expand service into public housing, including wiring, extension of service from the street to the building, and other needs to ensure access for residents. Funding is provided through the ARPA Capital Projects Fund, which requires that program applications be reviewed by the U.S. Treasury. DHCD advises that the application for this program is still in development.
- Rural and Digital Connectivity Block Grants:** Block grants to local jurisdictions based on proposals to reach difficult-to-connect households. Funding is provided through the ARPA Capital Projects Fund, which requires that program applications be reviewed by the U.S. Treasury. DHCD advises that the application for this program is still in development.

Anticipated IIJA Funding and Planning Efforts

The IIJA was signed by President Joseph R. Biden, Jr. in November 2021 and includes more than \$60 billion in funding nationally for broadband programs. The largest program is the Broadband Equity, Access, and Deployment Program (BEAD), which provides \$42.5 billion nationally for grants to states allocated by formula, with a \$100 million state minimum. The formula is based on the proportion of unserved locations in each state as well as unserved locations in high-cost areas, both of which will be determined using maps currently under development by the Federal Communications Commission (FCC). FCC published preliminary draft maps in November 2022, which are currently undergoing a challenge and revision process. State allocations for BEAD funding are expected to be announced by the end of June 2023. Maryland is also expected to receive approximately \$4.8 million annually for five years under the State Digital Equity Capacity Grant Program to ensure access to affordable Internet service for disadvantaged and vulnerable communities. **Exhibit 9** summarizes the broadband programs that will be funded through the IIJA and the nationwide funding available through each program.

IIJA Planning Grants

In December 2022, DHCD was awarded initial grants of \$5.0 million for BEAD and \$967,000 for the Digital Equity program to conduct planning efforts. These funds have not yet been added to DHCD's budget. DHCD is required to develop a five-year action plan under the BEAD program and a Digital Equity Plan under the State Digital Equity Capacity Grant program before accessing additional program funds. Chapter 74 also charged OSB with developing a statewide plan to ensure that all households in Maryland have access to affordable and reliable broadband service by the end of calendar 2026. OSB is using the IIJA planning grants to hire a consultant to develop the required plans and expects a statewide plan to be available by summer 2023.

Exhibit 9
Infrastructure Investment and Jobs Act Broadband Programs and
National Funding Levels
(\$ in Billions)

<u>Program</u>	<u>Funding</u>	<u>Allocation Method</u>	<u>Description</u>
Broadband Equity, Access, and Deployment	\$42.5	Formula; State Minimum: \$100 million	Infrastructure projects in unserved or underserved areas. State allocations expected June 2023.
State Digital Equity Capacity Grant	1.5	Formula; Maryland: \$4.8 million annually	Funding for states to develop and implement plans to ensure disadvantaged and vulnerable communities have access to affordable Internet.
Digital Equity Competitive Grant	1.3	Competitive	Eligible grantees include nonprofits, libraries, and community institutions. Funding can be used for digital inclusion activities, training and workforce development, provision of devices or equipment, or upgrading public access computing centers.
Middle-Mile Infrastructure Grant	1.0	Competitive	Funding to build out middle-mile infrastructure that does not connect directly to the end user. Eligible applicants include state and local governments, nonprofits, and technology and telecommunications companies. OSB assisted Maryland Broadband Cooperative in applying for funding.
Rural e-Connectivity Program	2.0	Competitive	Additional funding for existing broadband infrastructure grant program for rural areas.
Affordable Connectivity Benefit	14.2	Subsidy	Subsidizes broadband costs for low-income households. Makes permanent the Emergency Broadband Benefit created through the Consolidated Appropriations Act of 2020 and reduces the monthly benefit amount from \$50 to \$30.
Total	\$62.4		

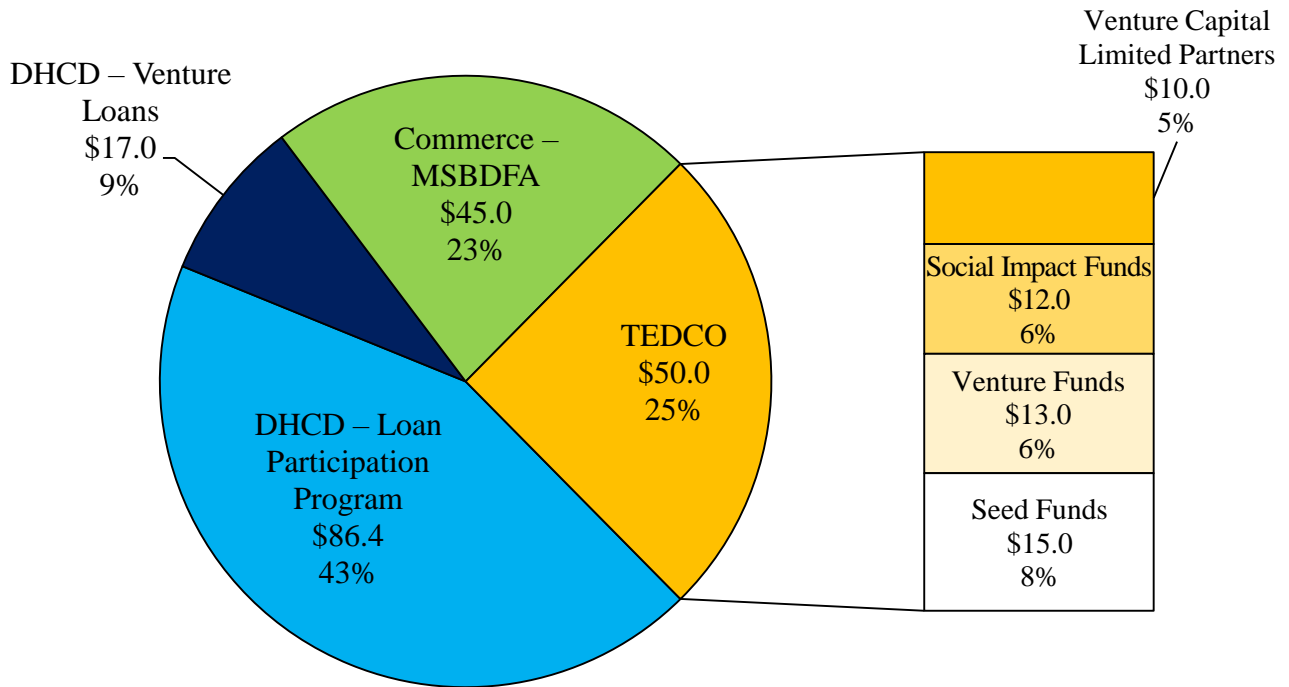
OSB: Office of Statewide Broadband

Source: Infrastructure Investment and Jobs Act; Federal Funds Information for States

2. State Small Business Credit Initiative

The SSBCI funds State programs that expand access to capital for small and underserved businesses. The ARPA provided a total of \$198.4 million to Maryland for the SSBCI, including \$20.7 million set aside for businesses owned by socially and economically disadvantaged individuals (SEDI) and \$11.0 million that will become available to the State once Maryland achieves performance standards related to assisting SEDI businesses. The U.S. Treasury will provide the funding to the State across three tranches, with the next tranche becoming available upon obligation of 80% of funds from the prior tranche. While DHCD is the lead agency for the State’s SSBCI funding, the funding will also be deployed through programs at the Department of Commerce (Commerce) and the Maryland Technology Development Corporation (TEDCO), as shown in **Exhibit 10**. Funding for non-DHCD programs is discussed in the operating budget analyses for Commerce – T00 and TEDCO – T50T01.

Exhibit 10
State Small Business Credit Initiative Allocations
 (\$ in Millions)

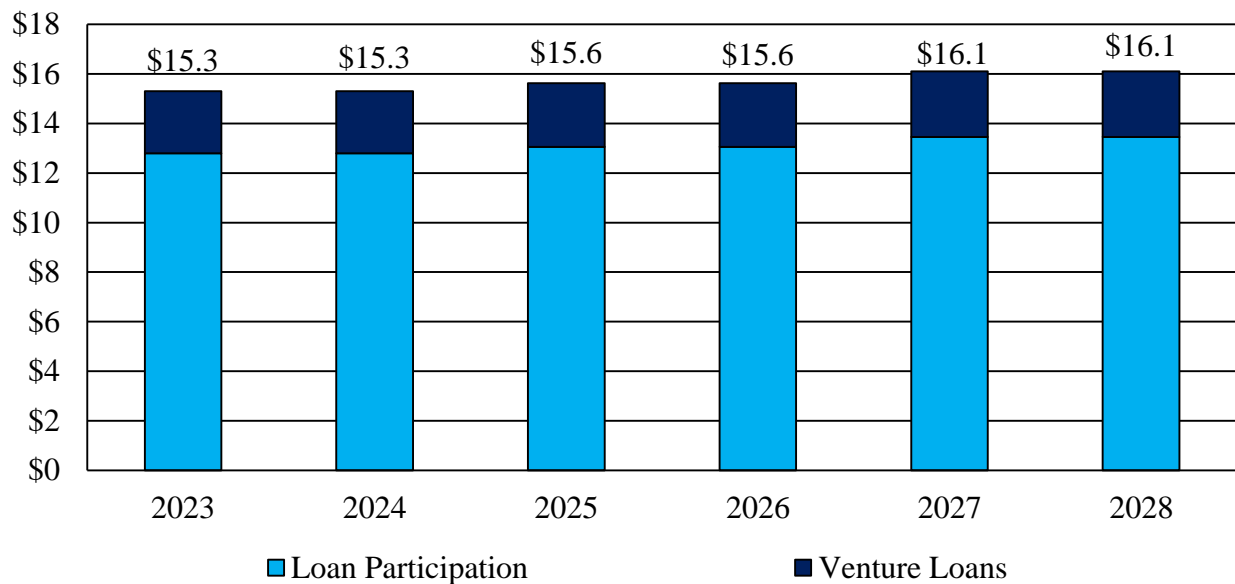


DHCD: Department of Housing and Community Development
 MSBDFA: Maryland Small Business Development Financing Authority
 TEDCO: Maryland Technology Development Corporation

Source: Department of Housing and Community Development

DHCD anticipates expending its allocation of \$103.4 million of SSBCI funds through fiscal 2028, as shown in **Exhibit 11**. The timeline reflects DHCD’s anticipation of meeting the 80% deployment target to obtain the second tranche of funding within two years. The fiscal 2022 and 2023 budgets include a total of \$33.0 million in PAYGO federal funds in DHCD for the SSBCI program, while \$1.6 million in administrative funding is appropriated in DHCD’s operating budget across fiscal 2022 to 2024.

Exhibit 11
Anticipated Expenditure Timeline for DHCD’s SSBCI Programs
Fiscal 2023-2028
(\$ in Millions)



DHCD: Department of Housing and Community Development
 SSBCI: State Small Business Credit Initiative

Note: Does not include administrative funding or funding that may become available upon meeting performance measures for lending to businesses owned by socially and economically disadvantaged individuals.

Source: Department of Housing and Community Development

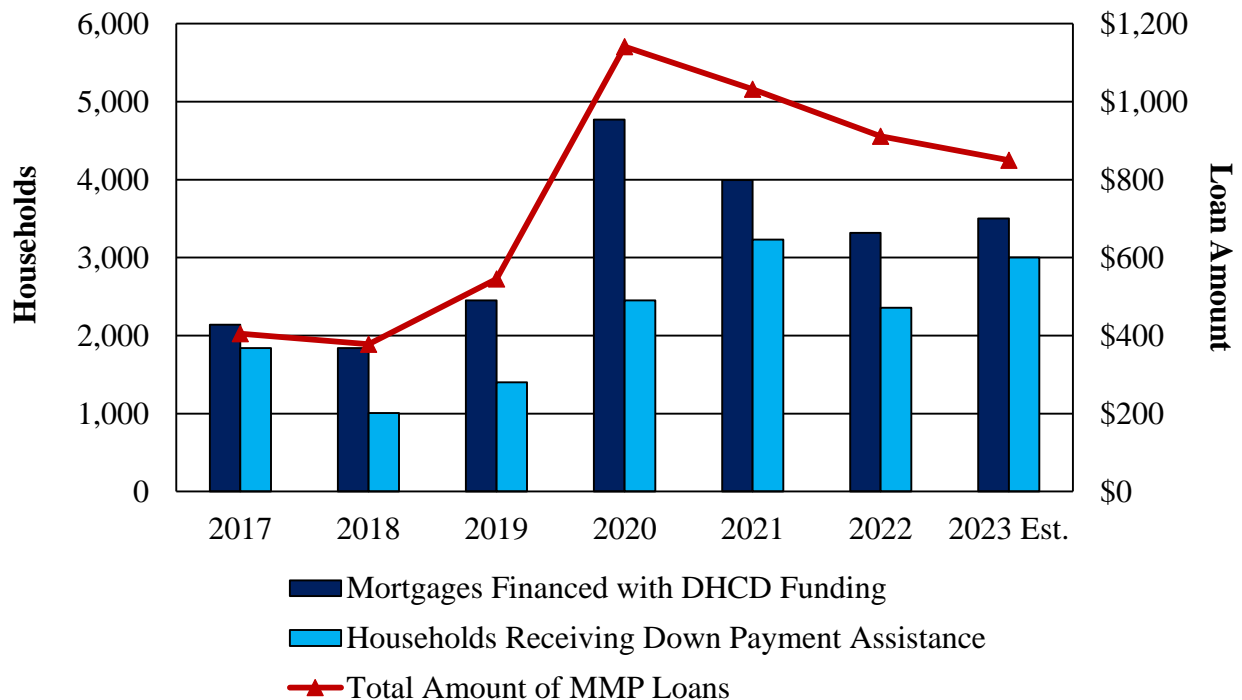
The NBW Loan Participation Program provides loans of \$250,000 to \$5.0 million to assist small businesses with working capital and real estate acquisition or renovation. DHCD is also planning to allocate a portion of the funding to Community Development Financial Institutions to make loans of less than \$250,000. The Venture Funds program is designed for businesses with high job growth potential that have already raised early-stage equity and are in need of bridge financing. The program provides equity investments of \$500,000 to \$2.5 million. Priority for both programs is given to businesses with fewer than 10 employees or that are SEDI-owned businesses.

Performance Measures and Outputs

Homeownership Programs

One of DHCD’s main objectives is to help low- and moderate-income residents purchase homes. The Maryland Mortgage Program and the Down Payment and Settlement Expense Loan Program are essential components of DHCD’s homeownership efforts. **Exhibit 12** shows the increased level of activity in DHCD’s homeownership programs beginning in fiscal 2020 compared to prior years, although assistance has declined from fiscal 2020 to 2022. In fiscal 2022, DHCD provided down payment assistance to more than 2,300 households and financed more than 3,300 mortgages. The fiscal 2024 budget includes \$21.0 million for down payment assistance programs, down from \$42.0 million in fiscal 2023 but consistent with the planned amount.

Exhibit 12
Homeownership Assistance
 Fiscal 2017-2023 Est.
 (\$ in Millions)



DHCD: Department of Housing and Community Development
 MMP: Maryland Mortgage Program

Source: Governor’s Fiscal 2024 Budget Books

Appendix 1 Grant and Loan Program Descriptions

- **Community Development Block Grant:** Competitive federally funded grants to local governments in nonentitlement areas of the State for use in revitalizing neighborhoods, expanding affordable housing and economic opportunities, and/or improving community facilities and services. Nonentitlement areas are mainly rural areas of the State. Entitlement jurisdictions receive funding directly from the U.S. Department of Housing and Urban Development.
- **Baltimore Regional Neighborhoods Initiative:** Grants to fund revitalization in State-designated Sustainable Community areas in Anne Arundel and Baltimore counties and Baltimore City. Eligible projects include residential and commercial strategic property acquisition, redevelopment, rehabilitation, and new infill development. Chapters 416 and 417 of 2021 made the mandated \$12.0 million in annual funding for the program permanent.
- **Community Legacy:** Awards to counties, municipalities, and community development organizations for the revitalization of neighborhoods in Sustainable Communities that are at risk of physical, economic, or social deterioration. Eligible uses include streetscape and façade improvements, recreational amenities, and improvement of community gathering places.
- **National Capital Strategic Economic Development Program:** Awards to government agencies and nonprofit community development organizations for projects located between Interstate 495 and the District of Columbia. Chapter 707 of 2021 made the mandated \$7.0 million in annual capital funding and \$200,000 in annual operating funding for the program permanent and increased the percentage of funds reserved for projects in targeted areas from 85% to 100%.
- **Neighborhood Business Development Program:** Grants and loans of up to \$5.0 million for community-based economic development activities in revitalization areas designated by local governments; also offers loan guarantees and credit enhancements to banks and community development financial institutions.
- **Seed Community Development Anchor Institution Fund:** Grants and loans to anchor institutions, such as hospitals and institutions of higher education, for community development projects in blighted areas.
- **Strategic Demolition Fund:** Assists in demolition, land assembly, housing development or redevelopment, and revitalization projects. The program includes a statewide component as well as Project C.O.R.E., which funds blight removal and redevelopment in Baltimore City.
- **Homeownership Programs:** Down payment and closing cost assistance to low- and moderate-income families. Programs include the Down Payment and Settlement Expense Loan Program, the Smart Buy program to assist homebuyers with student loan debt, and

SA0 – Department of Housing and Community Development – Capital

the HomeAbility program to assist households with disabled persons. Funding also supports an ongoing memorandum of understanding with Montgomery County to provide down payment assistance.

- ***Housing and Building Energy Programs:*** Loans and grants for energy efficiency improvements for single-family and rental housing properties, including renovation of existing facilities, construction of new facilities, or installation of energy-efficient equipment or materials. Programs include the federally funded Energy Efficiency Block Grant Program (branded BeSMART) and the Multifamily Energy Efficiency and Housing Affordability (MEEHA) program, funded with special funds from the Maryland Public Service Commission through the EmPOWER program. Special funds also include funding for the Washington Gas program, which is similar to the MEEHA program but administered separately.
- ***Rental Housing Programs:*** Low-interest or deferred-payment loans to housing developers for the financing of affordable housing developments. Funding is typically paired with financing through LIHTCs and/or DHCD’s Multifamily Bond Program. Rental Housing Programs also include federal funds from the HOME Investment Partnerships Program (programmed at \$5.0 million annually) and the Housing Trust Fund (programmed at \$4.0 million annually).
- ***Partnership Rental Housing Program:*** Deferred payment loans or grants to local governments or housing authorities to construct or rehabilitate rental housing for residents earning less than 50% of the statewide median income. Demand for the program is driven by the federal Rental Assistance Demonstration program, which allows for the conversion of public housing to long-term Section 8 rental assistance projects.
- ***Shelter and Transitional Housing Facilities Grant Program:*** Grants to local governments and nonprofit groups to develop emergency shelters and transitional housing for homeless individuals and families. The program receives mandated funding of \$3.0 million annually.
- ***Special Loan Programs:*** Loans or grants for the abatement of lead hazards; rehabilitation to eliminate health, safety, and maintenance deficiencies in residential properties; and acquisition, construction, and modifications of group homes for low-income, elderly, disabled, or others with special housing needs.
- ***Statewide Broadband:*** Supports the construction of broadband infrastructure to expand Internet access to unserved areas through grants with matching requirements to local jurisdictions or internet service providers.
- ***Laurel Park – Backstretch Housing:*** Provides funds for the acquisition, planning, design, construction, repair, renovation, reconstruction, site improvement, and capital equipping of backstretch housing facilities at the Laurel Park racetrack facility.