



MEMORANDUM:

Date: April 16, 2009

From: Barbara Hoffman

To: Maryland Affordable Housing Coalition

Re: 2009 General Assembly Sine Die Report

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## KEY PRIORITIES

- **Maryland Affordable Housing Investment Fund**

A long time interest of MAHC has been the creation of a Maryland Affordable Housing Investment Fund. Such a fund would serve as Maryland's major affordable housing trust fund, providing resources at the state and local levels to developers of affordable housing. After two years of diligent work on the part of MAHC, we were prepared to move forward with legislation agreed upon between us and DHCD. We were in agreement with DHCD as well that until there was state funding available to begin the Fund in a robust fashion, we would not move to create the Fund structure. Prior to the 2009 session of the General Assembly, it became clear that we would be unable to proceed this year to create a Maryland Affordable Housing Fund due to the fiscal condition of the state. This priority is still paramount for MAHC and will advance when it is possible to do so.

- **Department of Housing & Community Development Budget for FY 2010**

MAHC was concerned that the DHCD budget could fall victim to the financial recession affecting Maryland and the nation. In fact, the Board of Public Works in March 2009 had to make significant reductions across the board in the FY 2009 budget, including a cut of \$ 2.3 Million to the Community Legacy Program of DHCD. While other housing programs were spared at that time, we wanted to make certain that the Governor was aware of our concerns and the necessity for maintaining or enhancing DHCD's programs, particularly for affordable housing.

As part of our advocacy efforts, participants in the MAHC Annual Meeting in January were asked to sign prepared letters to the Governor and to major legislators requesting their support. We hand-delivered more than 100 letters that week, encouraging a policy of NO CUTS and enhancements if possible. In addition, MAHC representatives visited

legislators on the two budget committees to make the case in person. At the annual Housing Day in February, each Speaker, from Secretary Ray Skinner to the legislators who attended was presented with the same message. MAHC testified at the budget hearings for the department, and John Spencer, Jeffrey Hettleman and Tedi Osias each provided support for the DHCD budget from their particular vantage points.

By the time the budget was enacted at the end of the legislative session, DHCD had received only a few minor Operating Budget reductions ( most of which were replaced by other fund sources) and was the recipient of a significant amount of Federal ARRA (Stimulus) funding.

In addition to these actions, the Budget Committees added language to the budget that exempts the department from having to seek Board of Public Works approval for General Obligation Bonds for Community Legacy, Rental Housing, Home Ownership and Special Loan Programs.

## **Department of Housing and Community Development Budget Information for FY 2010**

### **Division of Neighborhood Revitalization (SA24)**

#### **Community Development Block Grant Program**

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>
Maryland Funds	\$ 9,000,000	\$ 9,000,000
<b>Total</b>	<b>\$ 9,000,000</b>	<b>\$ 9,000,000</b>

#### **Community Legacy Program**

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>
Maryland Funds (Reduced from \$6,500,000 by BPW in March 2009)	\$ 4,200,000	\$ 4,200,000
<b>Total</b>	<b>\$ 4,200,000</b>	<b>\$ 4,200,000</b>

#### **Neighborhood Business Development Program**

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>
Maryland Funds	\$ 6,000,000	\$ 6,000,000
<b>Total</b>	<b>\$ 6,000,000</b>	<b>\$ 6,000,000</b>

**Division of Neighborhood Revitalization (SA24) Federal ARRA Funds**

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>
Essential human services by local Community Action Agencies		\$ 12,600,000
Prevention of homelessness via short- and medium-term rental assistance and housing relocation and stabilization		\$ 5,680,303
Community development infrastructure projects		\$ 2,152,108
Administration of the Neighborhood Conservation Initiative		\$ 652,331
Foreclosure prevention assistance		\$ 300,000
Replacement of salaries, wages and fringe benefits reduced by Board of Public Works in March 2009		\$ 143,000
<b>Total</b>		<b>\$ 21,527,742</b>

**Divison of Development Finance (SA25)**

**Rental Housing Programs**

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>
Maryland Funds	\$ 20,250,000	\$ 20,250,000
Federal ARRA Funds		
Gap financing for housing projects approved for Federal Low-Income Housing Tax Credits		\$ 31,702,000
<b>Total Federal ARRA Funds</b>		<b>\$ 31,702,000</b>
<b>Total</b>	<b>\$ 20,250,000</b>	<b>\$ 51,952,000</b>

**Special Loan Programs**

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>
Maryland Funds	\$ 9,500,000	\$ 9,500,000
Federal ARRA Funds		
Low- and moderate-income home weatherization		\$ 6,552,000
Additional funds for low- and moderate-income home weatherization		\$ 28,057,541
<b>Total Federal ARRA Funds</b>		<b>\$ 34,609,541</b>
<b>Total</b>	<b>\$ 9,500,000</b>	<b>\$ 44,109,541</b>

### Homeownership Programs

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>
Maryland Funds	\$ 8,600,000	\$ 8,600,000
Total	\$ 8,600,000	\$ 8,600,000

### Partnership Rental Housing Program

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>
Maryland Funds	\$ 6,000,000	\$ 6,000,000
Total	\$ 6,000,000	\$ 6,000,000

### Shelter and Transitional Housing Facilities Grant Program

<u>Source</u>	<u>FY 2009</u>	<u>FY 2010</u>
Maryland Funds	\$ 1,500,000	\$ 1,500,000
Total	\$ 1,500,000	\$ 1,500,000

- **Financing Ownership Interests Issue**

Another of our major priorities was for DHCD to provide financing to acquire ownership interests in entities that own real property that can be used for affordable rental housing. For the most part, the department only uses its authority to finance the real property itself. Since Maryland recently changed the law on the transfer of ownership interests, it was no longer assumed that such transfers were used as a way to avoid taxation. Allowing DHCD to finance the transfer of ownership interests would encourage more entities to take advantage of the available financing and provide Maryland with additional affordable housing opportunities.

MAHC was prepared to move forward with legislation giving the authority to DHCD to provide this financing although we believed that current statutes already provided the department with this authority. After many discussions with DHCD, it was agreed that legislation was not needed and the department would be open to such financing in the future.

- **Other Legislative Priorities**

When it became clear that we would be unable to proceed with the goal of creating a Maryland Affordable Housing Fund due to the fiscal condition of the state, several of our legislative priorities shifted to see that legislation detrimental to the affordable housing industry and MAHC did not pass unless they could be amended to meet our concerns.

- SB 658/HB 916 as introduced would have created a requirement that political subdivisions perform a fiscal impact study before any “government imposed restrictions on income producing real property” could be enacted. As originally drafted, this bill would have negatively impacted the ability of any jurisdiction to build affordable housing. Because we were afraid it might pass unamended, we worked with the legislative sponsors and the Apartment Operators and Builders Association (AOBA) to draft amendments to exempt affordable housing from this requirement. HB 916 was given an unfavorable report by the House Environmental Matters Committee, and although SB 658 was voted favorably with the amendments out of the Senate, it died in the House Rules Committee on the last day of the session.
- HB 1239 would have outlawed the ability of local governments to impose rent control under any circumstances. After acting on HB 916, the House Environmental Matters Committee also killed this bill.
- HB 1038 would have required the installation of at least one “carbon monoxide alarm” and at least one “radon detector” on each level, including a basement of each specified newly constructed residential dwellings. I met with the sponsor of the bill on behalf of MAHC with our concern that the inclusion of the radon detector was problematic. We also expressed that concern to the members of the Environmental Matters Committee. The bill was given an unfavorable report.

There were other bills that were followed on behalf of MAHC, but on which we did not actively lobby since the Legislative Committee had not recommended any particular action but were interested in the eventual results as they impacted the affordable housing industry.

- SB 625/HB 707 Maryland Building Performance Standards – Energy Conservation and Efficiency. The Senate bill passed successfully and will become law. This bill requires the Department of Housing and Community Development to adopt the International Energy Conservation Code as part of the Maryland Building Performance Standards
- SB 258/HB 309, an administration bill which would have reauthorized the Maryland Heritage Structure Rehabilitation Tax Credit program, passed the House heavily amended but was given an unfavorable vote by the Senate

Budget and Taxation Committee. The current program has another year to run, and it is believed that next year a better reauthorization could occur since the amendments by the House ran counter to the Governor's wishes in this matter.

- HB 1006/929 would have established Community Land Trusts in Maryland. This is a complex issue, and the House Environmental Matters Committee voted an unfavorable report. The hearing on this bill proved that the members were unsure of the concept and the Chairman was particularly unsure of the logistics of carrying it out. If some of these issues can be ironed out in the interim, it is possible that Community Land Trusts could pass next year.

The Department of Housing and Community Development introduced two official departmental bills, both of which were passed into law. Several separate bills concerning DHCD and introduced on their behalf also passed.

- HB 1414 Community Legacy Program – Neighborhood Intervention Project Applications and Financial Assistance Fund. This bill reorganizes aspects of the Community Legacy Program relating to neighborhood intervention projects, increasing from 10% to 15% the total amount of funding from the Community Legacy Financial Assistance Fund that can be directed to these projects.
- HB 1399 Department of Housing and Community Development – Neighborhood and Community Assistance program – Individual Donor Eligibility – Tax Credit. This bill expands the eligibility of this tax credit to include donations made by individuals.
- HB 1331/SB 931 Community Development Administration – Local Government Infrastructure Financing Program – Capital Reserve Funds. This bill authorizes the creation of capital reserve funds to be administered by CDA to facilitate the financing of local government infrastructure projects. The funds may only be used to pay the principal of, and premium and interest on CDA bonds and obligations secured by the fund. It was contingent on the passage of HB 1330/SB 932 which created the fund.
- HB 1330/SB 932 Creation of a State Debt- Community Development Administration – Local Government Infrastructure Financing Program passed, authorizing the creation of a state debt in the total amount of \$ 2 Million dollars for this program.

#### **BILLS KILLED/DIED/WITHDRAWN THAT AFFECTED THE INDUSTRY**

- HB SB 658/HB 916 Political Subdivisions-Government Imposed Restrictions on Income Producing Real Property – Fiscal Impact Study
- HB 1006/SB 929 Real Property – Community Land Trusts

- HB 1038 Public Safety- New Construction-Carbon Monoxide Alarms and Radon Detectors
- HB 1239 Landlord and Tenant – Rent Control – Local Government Authority
- HB 309/SB 258 Maryland Heritage Structure Rehabilitation Tax Credit Program
- HB 1230 Heritage Structure Rehabilitation Tax Credit – Residential Units for Lower-Income Individuals
- HB 1470 Recipients of Grants, Loans, or Financial Assistance – Reporting Requirements
- HB 830 Montgomery County – Just Cause Eviction
- SB 890 Maryland Community Enhancement Transit-Oriented Development Fund
- HB 998/SB 918 Housing – Maryland Building Performance Standards – Minimum Features for Accessibility. The Senate bill was given an unfavorable report but referred to Interim Study by the Education, Health and Environmental Affairs Committee. This now will be an on-going issue that MAHC should follow during the interim.