



**Proposed Policy Agenda
January 20, 2015**

BUDGET PRIORITIES

CDN urges level funding for the robust Community Development programs at DHCD: CDN fully supports programs in DHCD that support community development at all levels, including:

- **Community Legacy.** CDN urges level funding for FY 2016 at \$6 million. While this program receives over \$20 million in applications each year necessitating more funding, given the budget realities, CDN requests level funding.
- **Neighborhood BusinessWorks.** CDN supports level funding at \$4.2 million.
- The **Strategic Demolition and Smart Growth Impact Fund.** CDN supports level funding at \$7.5 million.
- The **Baltimore Regional Neighborhood Revitalization Initiative (BRNI).** CDN supports level funding at \$3 million.
- CDN urges the **Technical Assistance Grant program** be level funded at \$200,000 per year.
- CDN supports the Maryland Affordable Housing Coalition's request for \$25 million for the **Rental Housing Works program** and full funding for other DHCD rental housing programs.

Additional budget requests include:

- Current **transportation projects** in the pipeline should move forward. The importance of transit and transportation to community development cannot be understated. We also favor sharing the **Highway User Revenues** with the rural areas as proposed by the Rural Maryland Council.
- CDN supports the Rural Maryland Council's request for \$6 million for the **Rural Maryland Prosperity Investment Fund** designed to support rural nonprofits who work in community development, supporting entrepreneurship, health care, regional planning and more.

Please see the enclosed project highlights, demonstrating the significant impact of state funding to Maryland's community development Industry.

LEGISLATIVE PRIORITIES

Expansion of the Community Investment Tax Credit (CITC) Program: The proposed legislation would expand the successful CITC program from \$1.75 million in tax credits to \$3 million. Nonprofit organizations that qualify to receive these tax credits use them as an incentive for their donors to give. Individuals and corporations giving more than \$500 to an organization with tax credits can get one half of their donation back in a state tax credit. In FY 2014, there were \$3.9 million in applications for this program, with only \$1.75 million available.

Homeowners Insurance of Last Resort: Homeowners insurance is often not available or rates are sky high for homeowners or commercial businesses located next to vacant and dilapidated buildings. The Joint Insurance Association (JIA) provides insurance for those who cannot get it in the normal market place (this is true for commercial and residential properties). However, often, homeowners who were just denied coverage do not know about the program, since private insurers are not obligated to tell the client to whom they just denied coverage that the JIA is available. Proposed legislation makes sure that insurers tell their clients about the JIA.

LLC Transparency: Bills to make limited liability companies (LLCs) more transparent have been introduced for the past few years in the General Assembly without success. This legislation is important to community development. If an LLC owns a vacant and dilapidated property (residential or commercial), for example, it is often difficult for neighbors, tenants, and municipalities to find out who to contact about problems with the property. Without the names and contact information of individual LLC members or managers, there is no one to hold accountable. Often the only name associated with an LLC may be the resident agent, who does not necessarily have any connection with the business or ability to act or speak on its behalf. Beyond the community development context, workers and subcontractors who work for an LLC and are not paid what they are rightfully owed could have difficulty tracking down someone who can address these issues.

Ideally, the membership information of an LLC would be available through the State Department of Assessment and Taxation. Current LLC laws do not make that information public and the application for creating the LLC does not require that information. CDN and the Community Law Center have convened a coalition to address this legislation and are working with the organizations who opposed the legislation to come up with a compromise.

Homeowner Association/Condo fees for banked owned properties: CDN is considering introducing legislation to address the issue of bank-owned properties not being required to pay the full backlog of condo/homeowner association fees. Currently Maryland law requires banks to only pay four months' worth of fees or \$1,200, whichever is less, no matter how long the previous owner had been delinquent. This requires associations to operate without regular payments and without the ability to recoup their payments upon the bank's taking of the property.

State funding leverages millions to strengthen communities

CDN has compiled data from across Maryland, highlighting the significant role funding from the Department of Housing and Community Development's programs plays in supporting our community development industry.

Community Legacy

The Community Legacy program provides local governments and community development organizations with funding for essential projects aimed at strengthening communities through activities such as business retention and attraction, encouraging homeownership and commercial revitalization. Funding is only given in Sustainable Communities areas and initiatives funded by the Community Legacy program have to be part of a larger revitalization strategy. Every year, the demand for the funding far exceeds the amount available. Each year, there are over \$20 million in applications and only \$6 million available. Examples of the success of the Community Legacy program and the dollars leveraged include:

Baltimore City – Since 2009, \$1.4 million in Community Legacy funding through the Central Baltimore Partnership and \$1.4 million in Baltimore Regional Neighborhoods Initiative (BRNI) funding (see section on BRNI on page 3) has been invested in projects such as: renovations to business façades in the Station North Arts District (including Load of Fun, North Avenue Market, Gallery space, and many others at \$170,000); renovating and building homes (49 units for mixed income homeownership) in the Barclay and Remington Neighborhoods at \$375,000; stabilizing and renovating 10 N Avenue (\$100,000); and capital investments in local schools including exterior signage, façade and streetscaping around the new Baltimore Design School (\$100,000) and renovations to the Montessori Charter School (\$275,000). These dollars were leveraged with investments from private developers and investors, BRNI funding, The Reinvestment Fund, and others, leveraging more than \$86.2 million in additional investment to the Central Baltimore area. These investments added more than 800 new jobs and 25 new businesses (not including a proposed incubator space coming online in 2015) to the area as well, along with 229 more housing units developed or renovated.

Garrett County – Through the Garrett County Community Action Committee, the eight small towns in Garrett County have utilized more than \$1.27 million in Community Legacy funding. Of most significant impact to the County was the use of Community Legacy dollars for the towns to develop their master plans, and applications for Sustainable Communities Designation. This now allows them to apply for several programs and initiatives in a strategic way. Garrett County is the only county where all incorporated towns have this designation.

Anne Arundel County - Over the last decade, ACDS has utilized more than \$1.2 million in Community Legacy funding to acquire, rehabilitate and sell or rent homes in the Brooklyn Park area within Anne Arundel County. These dollars have helped to leverage more than \$5.4 million in additional State, County and federal funding to visibly transform the community block by block while preserving and improving the affordable housing stock. To date, 32 homes have been acquired, rehabilitated and sold or rented to eligible households through the Brooklyn Park Acquisition and Rehabilitation Program (Community Legacy funds have been used directly in 17 units). Seventy five owner-occupied and renter-occupied homes have been transformed through the Brooklyn Park Property Rehabilitation Program (Community Legacy funds have directly funded 23 owner- or renter-occupied units).

Ocean City - Since the Community Legacy program's inception, the Ocean City Development Corporation has completed more than 150 façade projects in the downtown area (Baltimore Avenue, not the Board Walk). The Façade Improvement Program commenced in 2002 to provide financial incentives for downtown property owners to renovate exteriors of their older buildings. About \$650,000 of Community Legacy funding has produced more than \$5 million of private investment into these older buildings in downtown Ocean City. More than 500 construction jobs were created with these projects.

Strategic Demolition and Smart Growth Investment Fund

The purpose of the new Strategic Demolition and Smart Growth Impact Fund (SGIF) is to catalyze activities that accelerate economic development, job production and smart growth in existing Maryland communities. Awards will focus on those smart growth projects that can have a high economic and revitalization impact in their existing communities and can be in the form of grants or loans. \$7.5 million is available for FY 2015. Examples of projects and what they leverage include:

Allegany County - Through the Allegany Human Resources Development Commission, \$150,000 in Strategic Demolition funding was used with additional investments to acquire and renovate a blighted building into a job training center.

Baltimore City – The Baltimore City Department of Housing and Community Development utilized nearly \$1 million for the demolition of buildings that were getting in the way of neighborhood revitalization. In the Mt. Winans neighborhood, a vacant school was becoming not only an eyesore, but a dangerous place that attracted drug dealers, illegal dumping and more. In Upton, a brand new community replacing a public housing project, funds were used to demolish an old church standing in the way of progress for this new community. In the near future, Baltimore will utilize \$2.5 million for strategic demolition work across the city, reducing the number of un-rehabable vacant blighted properties.

Neighborhood Business Works

The Neighborhood BusinessWorks loan program (NBW) provides gap financing, i.e. subordinate financing, to new or expanding small businesses and nonprofit organizations in Sustainable Communities across the State. Maryland-based small businesses, local development corporations and nonprofit organizations whose activities contribute to a broader revitalization effort, and whose projects are intended to promote investment in commercial districts or town centers. Local governments are not eligible applicants. Recent projects receiving loan financing from this program include:

Baltimore County - Colin's Seafood Grill is a start-up full service restaurant located at the Randallstown Plaza Shopping Center. The shopping center lost Giant Food and several other long-time tenants in 2007 and as a result became a vacant eyesore for more than three years. In 2010, Baltimore County signed a ten-year lease to create the Liberty Center, which is a Baltimore County Workforce Development Center combined with a satellite campus of the Community College of Baltimore County. The Liberty Center is now the anchor tenant of the shopping center. Colin's Seafood Grill filled the last remaining vacancy in the shopping center. The storefront unit of approximately 5,070 SF needed to be totally renovated to create the restaurant. The Colin's Seafood Grill project impacted the neighborhood by filling a commercial vacancy and created 25 new full-time jobs.

Baltimore City - The Union Mill project entailed the historic restoration, remodeling and rebirth of Maryland's largest stone mill into an active and vibrant mixed-use residential and commercial development. The building features 54 one- and two-bedroom apartment units for Baltimore City school teachers and office space for nonprofit organizations underpinning Baltimore's education, health and human service needs. The NBW loan along with other funding greatly impacted the revitalization efforts in the Hampden neighborhood of Baltimore City.

Allegany County – The Springdale Laundry occupies a two-level commercial building with two apartments above. The borrower purchased the vacant property in August 2011. The property was vacant, damaged and in need of repairs to restore it to the intended use. Springdale Laundry strives to provide the residents of Cumberland with a convenient, clean, and quiet environment to wash and dry their clothes.

Baltimore Regional Neighborhood Initiative (BRNI)

BRNI demonstrates how strategic investment in local housing and businesses can lead to healthy, sustainable communities with a growing tax base and enhanced quality of life. This initial pilot will target communities located in either Baltimore City and/or the Inner Baltimore Beltway communities of Anne Arundel and Baltimore counties where modest investment and a coordinated strategy will have an appreciable neighborhood revitalization impact.

Four community development organizations in Baltimore City and County received \$3 million in FY 2014 and an additional \$3 million in FY 2015 to strategically invest in neighborhood revitalization and leverage dollars for maximum impact. Projects receiving BRNI investment include: a revolving loan fund for homeowners to repair their properties -- particularly landlords, in Southeast Baltimore through the Southeast CDC; supporting the Central Baltimore Partnership's successful work in revitalizing the Station North area including revitalization of the Parkway Theatre, redevelopment of 229 homes and apartment units and a loan program to assist first time homebuyers; assisting the Dundalk Renaissance Corporation in attracting new middle-income homeowners to the Baltimore County community of Dundalk through homebuying incentives while improving the current housing stock with low interest loans to homeowners to make significant improvements.

Technical Assistance Grant

This tiny grant pool allows nonprofit organizations to take their work to the next level. These funds have to be matched dollar for dollar with mostly cash and some in-kind match or staff time. CDN is a recipient of a small amount of these funds enabling us to highlight the important impact community development makes in Maryland. DHCD's investment of \$27,000 has leveraged double that for our important work.

Rental Housing Works

The Rental Housing Works (RHW) program provides gap financing for the creation and preservation of affordable rental housing financed through DHCD's Multifamily Bond Program and Low Income Housing Tax Credit Program. RHW is subordinate gap financing to be used solely for projects financed using DHCD's Multifamily Bond Program (MBP) and 4 percent Low Income Housing Tax Credits (Tax Credits). Therefore, projects requesting RHW funding must meet the requirements for both MBP and Tax Credits, including those described in the Maryland Qualified Allocation Plan (QAP) and Multifamily Rental Financing Program Guide.

Every \$1 invested by the State of Maryland in these properties has leveraged \$11 in new public and private investments in the State. More than \$200 million in bond allocations and the associated federal tax credits would have been lost to the State but for the RHW program.

Completed projects include: Spring Valley Apartments in St. Mary's County, the Greens at Logan Field in Baltimore County, Leonard Apartments in Wicomico County and Parkview Towers in Montgomery County. For the completed projects, \$12 million was invested through Rental Housing Works, which filled the gap for the total project costs of \$151.5 million (financed through other state programs as well as private investment) producing 298 new units and rehabbing 854 units. All this construction activity provided an estimated 1247 jobs.