

# DHCD Overview



## Presentation to the Task Force on the Future of Growth & Development

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# MISSION STATEMENT



The Maryland Department of Housing and Community Development (DHCD) works with partners to finance housing opportunities and revitalize great places for Maryland citizens to live, work and prosper.

# WHAT IS DHCD?



- ❑ The DHCD is the agency in State government that administers a wide variety of federal and State programs to help create, maintain, and encourage healthy, stable communities.
- ❑ DHCD also raises capital through its housing revenue bond program with statutory authority in the Community Development Administration (CDA).
- ❑ DHCD functions as a community development bank. We typically invest in areas where there is a financing gap in the private market and where a small State investment can stimulate and leverage additional public and private resources.
- ❑ DHCD achieves successful outcomes through creative and careful use of financial resources and strong partnerships with stakeholders.

# WHAT DHCD IS NOT



- DHCD is not a local public housing authority.
- DHCD does not own or manage rental properties.
- DHCD does not manage landlord-tenant relationships.
- DHCD does not oversee or enforce any local zoning and building codes.
- DHCD does not administer or enforce local housing codes.

# DHCD RELATED ENTITIES



## ❑ **COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)**

- CDA is a Governmental unit within the DHCD
- Bonds are obligations of CDA, not the State of Maryland
- CDA bond issuance ratings are: Moody's = 'Aa'; Fitch Ratings = 'AA'

## ❑ **MARYLAND HOUSING FUND (MHF)**

- MHF is DHCD's mortgage insurance company
- MHF insures loans originated by CDA and private lenders
- The amount of MHF insurance in force is nearly \$175 million

# HOUSING FINANCE PROGRAMS

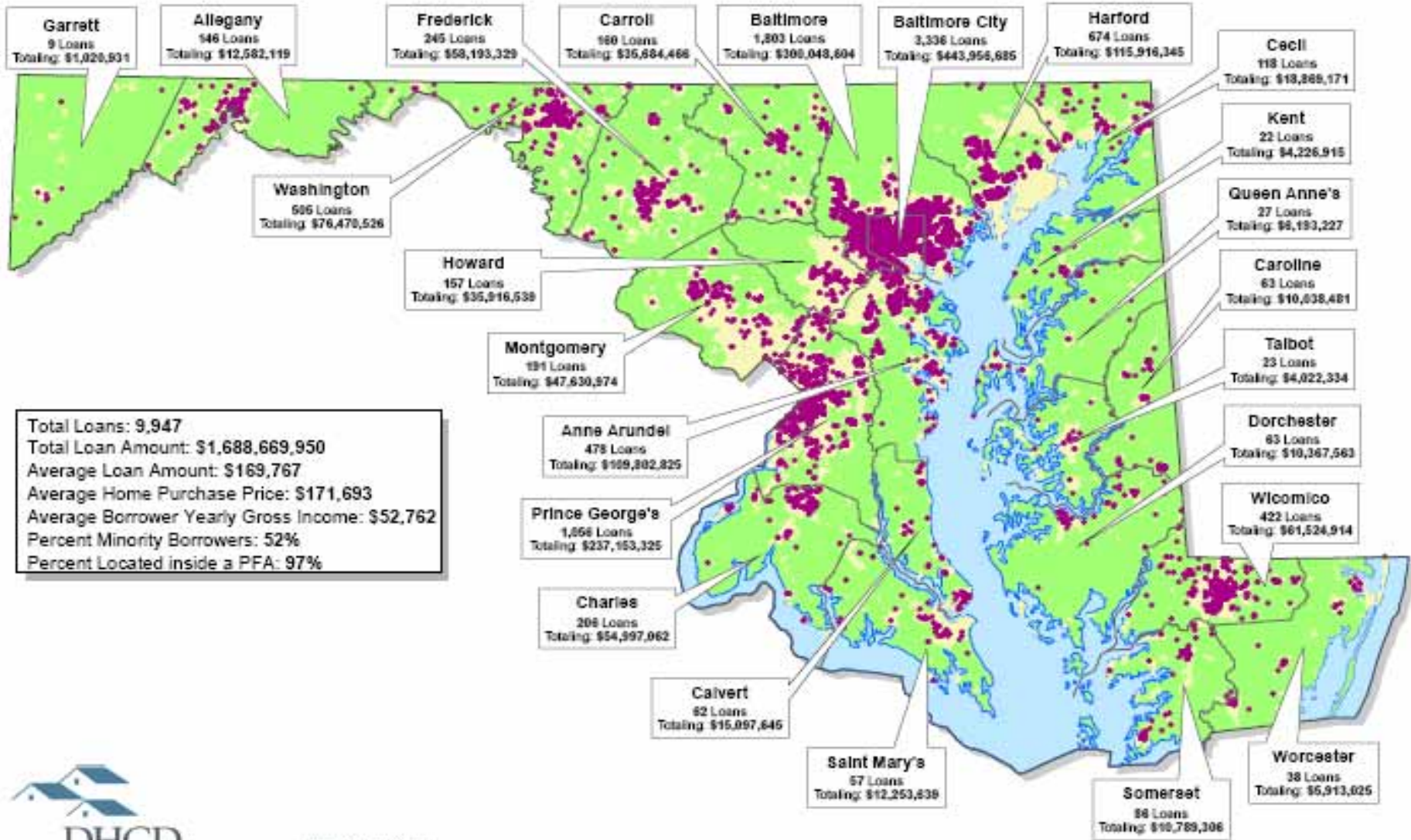


## HOMEOWNERSHIP

- ❑ Maryland Mortgage Program (MMP)
- ❑ Downpayment and Settlement Expense Program (DSELP)
- ❑ Maryland Home Finance Program (MHFP)
  - Single family mortgages with State funds

# CDA Maryland Mortgage Program

Loans purchased by Jurisdiction: January 1, 2003 - December 31, 2007



**Total Loans: 9,947**  
**Total Loan Amount: \$1,688,669,950**  
**Average Loan Amount: \$169,767**  
**Average Home Purchase Price: \$171,693**  
**Average Borrower Yearly Gross Income: \$52,762**  
**Percent Minority Borrowers: 52%**  
**Percent Located inside a PFA: 97%**



Maryland Department of Housing and Community Development

Martha O'Malley, Governor  
 Anthony G. Brown, Lt. Governor  
 Raymond A. Stoppel, Secretary  
 Clarence J. Staugg, Deputy Secretary

# HOUSING FINANCE PROGRAMS

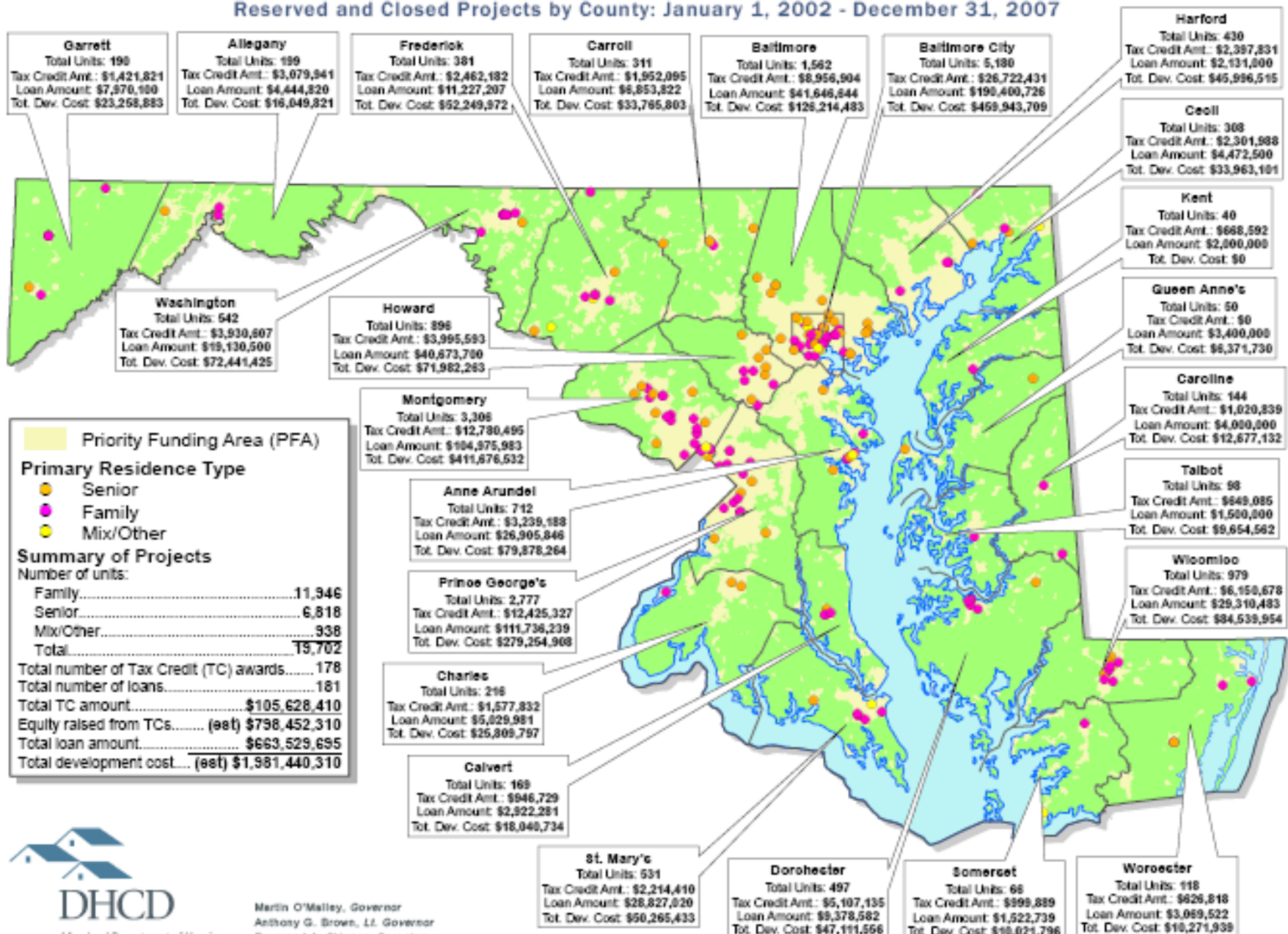


## MULTIFAMILY RENTAL HOUSING

- ❑ Competitive process for distribution of:
  - Low Income Housing Tax Credits (LIHTC)
  - Federal and State funds
  
- ❑ Multifamily Housing Revenue Bonds
  - Significant source of funding for affordable developments
  
- ❑ Partnership Rental Housing
  - Partnerships with local governments
  
- ❑ We look for projects that...
  - Are located in Smart Growth areas, including TOD's
  - Serve lowest incomes
  - Provide support services for tenants
  - Leverage other funds
  - Provide quality design and amenities

# Community Development Administration: Multi-Family Projects

## Reserved and Closed Projects by County: January 1, 2002 - December 31, 2007



Maryland Department of Housing and Community Development

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# HOUSING FINANCE PROGRAMS

## SPECIAL LOANS

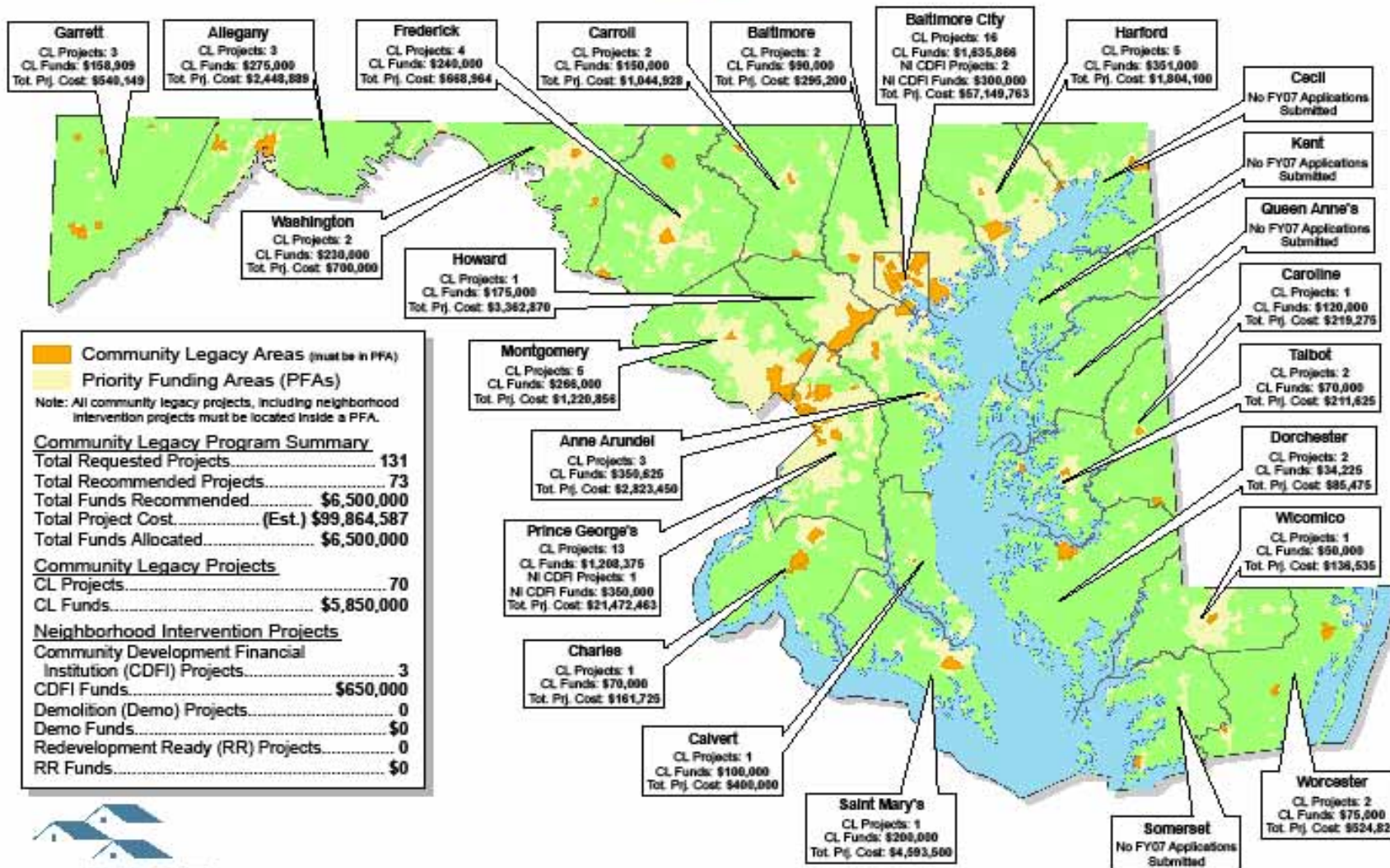
- Single Family Rehabilitation
- Group Homes
- Weatherization
- Lead Hazard Reduction
- Indoor Plumbing

# COMMUNITY REVITALIZATION & DEVELOPMENT PROGRAMS

- ❑ Neighborhood Business Development Program (NBDP)/Neighborhood BusinessWorks (NBW)
- ❑ Community Legacy (CL)
- ❑ Community Investment Tax Credits (CITC)
- ❑ Community Development Block Grant (CDBG)
- ❑ Community Services Block Grant (CSBG)
- ❑ **Main Street Maryland** - Main Street Communities (year designated) are: Bel Air (2001), Brunswick (2004), Cambridge (2003), Cumberland (1998), Denton (1999), Dundalk (2004), Easton (1998), Elkton (2003), Frederick (2001), Frostburg (2001), Havre de Grace (2005), Mount Airy (2004), Oakland (1998), Salisbury (2001), Takoma Park (2004), Taneytown (2000), Thurmont (2005), Westminster (1999), partners with Baltimore City Main Streets.
- ❑ Maryland Capital Access Program (MCAP)
- ❑ Local Government Infrastructure Bond Program
- ❑ Linked Deposit Program

# Community Legacy Program

## Community Legacy (CL) and Neighborhood Intervention (NI) Awards by County FY 2007



**Community Legacy Areas (must be in PFA)**  
**Priority Funding Areas (PFAs)**

Note: All community legacy projects, including neighborhood intervention projects must be located inside a PFA.

**Community Legacy Program Summary**

Total Requested Projects	131
Total Recommended Projects	73
Total Funds Recommended	\$6,500,000
Total Project Cost	(Est.) \$99,864,587
Total Funds Allocated	\$6,500,000

**Community Legacy Projects**

CL Projects	70
CL Funds	\$5,850,000

**Neighborhood Intervention Projects**

Community Development Financial Institution (CDFI) Projects	3
CDFI Funds	\$650,000
Demolition (Demo) Projects	0
Demo Funds	\$0
Redevelopment Ready (RR) Projects	0
RR Funds	\$0

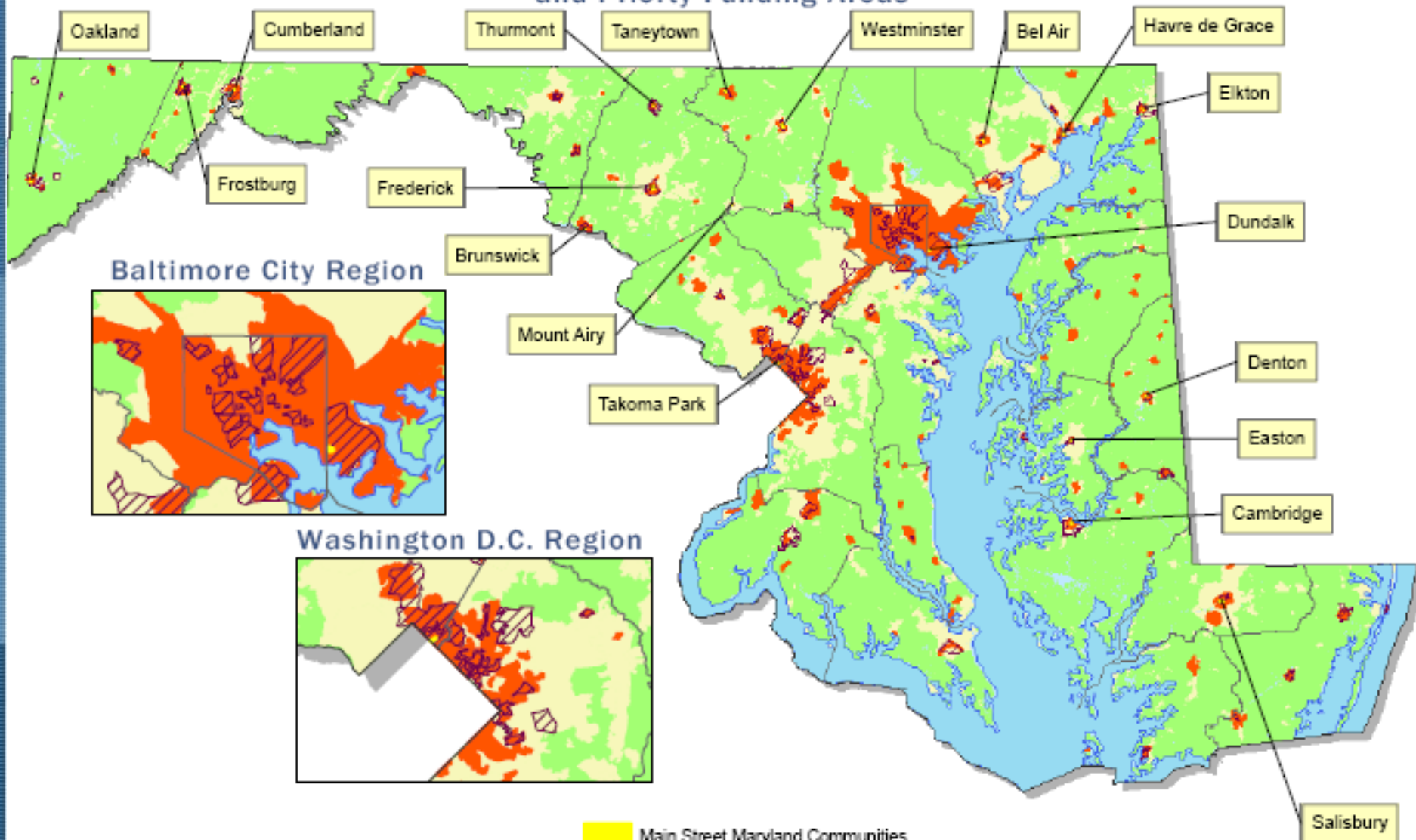


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# Main Street Maryland, Community Legacy, Designated Neighborhoods, and Priority Funding Areas



- Main Street Maryland Communities
- Community Legacy Areas
- Designated Neighborhoods
- Priority Funding Areas

# ASSET MANAGEMENT



- ❑ The Division of Credit Assurance (DCA) manages DHCD's portfolio of loans to ensure the State's financial interests are protected and borrowers are in compliance.
  
- ❑ Single family mortgage portfolio:
  - Approx. \$1.6 billion, approx.
  - Over 22,000 loans
  
- ❑ Multifamily projects portfolio:
  - Approx. \$1.4 billion
  - Over 1,200 loans



# PROGRAM UPDATES

## ❑ HOPE INITIATIVE

- \$100 million Lifeline Fund
- \$10 million MHF Investment
- \$1 million for Housing Counseling Agencies

## ❑ LINKED DEPOSIT PROGRAM

- Established in the 2006 session, the program provides a source of low-interest financing by linking State funds to commercial loans made by financial institutions to certified minority and women owned businesses
- The State Treasurer can authorize up to \$50 million in Certificates of Deposit (CDs) from banks with a two percent reduced interest rate to fund the program
- Regulations have been approved; Treasurer has drafted expressions of interest (EOI) that lenders will use to enroll – these will be made available to banks in early 2008

# LEGISLATION FOR 2008



## ❑ CDA RENTAL ASSISTANCE PROGRAMS (RAP)

- Bill replaces existing RAP statute to clarify that DHCD has authority to address a variety of rental assistance needs, such as the Bridge Subsidy program and rental assistance to be provided in emergency situations.

## ❑ LOAN SALES AND SERVICING RIGHTS

- Bill gives DHCD authority to sell State-funded loans, retain servicing rights, and charge fees.
- Gives CDA authority to retain servicing rights of loans that it sells and to charge fees (CDA already has right to sell its loans).
- Bill provides DHCD with flexibility in raising needed additional capital for its State-funded programs.



# LEGISLATION FOR 2008 (Continued)

## DISASTER RELIEF HOUSING PROGRAM

- ❑ Bill ensures that DHCD can move quickly to address needs in the same way provided to DHCD in its response to Hurricane Isabel in 2003 (DHCD response in that case was authorized by emergency legislation that sunset in 2005).
- ❑ Allows DHCD to help homeowners recover from a disaster by providing financing that may not be otherwise available to them from insurance policies and/or in the private market.

# FY 2008 BUDGET OVERVIEW

**TOTAL FY 2008 BUDGET: \$288,759,150**

OPERATING	FY 2008 APPROPRIATION		CAPITAL	FY 2008 APPROPRIATION	
<u>All Funds:</u>	<u>\$ Amount</u>	<u>% of Total</u>	<u>G.O. Bonds &amp; PAYGO Funds:</u>	<u>\$ Amount</u>	<u>% of Total</u>
General Funds	\$ 3,294,372	1.5%	Housing Loans & Grants:		70%
Special Funds	28,500,723	13.5%	Rental Housing Loans	\$ 20,250,000	
Federal Funds	186,879,055	85%	Partnership Rental Housing Loans	8,000,000	
Reimbursable Funds	2,235,000	< 1%	Homeownership Loans	8,600,000	
			Special Loans	9,500,000	
			Transitional Housing Grants	1,000,000	
<u>GF Operating Grants</u>					
Circuit Rider Program	\$ 125,000		Neighborhood Revitalization Loans & Grants:		30%
Com Legacy Operating Grants	500,000		Neighborhood Business Development Program	\$ 4,000,000	
Neighborhood Housing Services	240,000		Community Legacy	6,500,000	
Rental Allowance Program	1,700,000		Community Development Block Grant	10,000,000	
State CSBG	<u>86,584</u>				
<b>TOTAL</b>	<b>\$2,651,584</b>				
<b>TOTAL - OPERATING \$220,909,150</b>			<b>TOTAL - CAPITAL \$67,850,000</b>		
<b>TOTAL FY 2008 BUDGET</b>			<b>\$288,759,150</b>		



# OTHER FINANCIAL RESOURCES

## ❑ CDA BOND ISSUANCE (FY 2007)

- Maryland Mortgage Program (MMP) loans - \$767.3 million
- Multifamily loans - \$38,345,000
- Infrastructure loans - \$11,460,000

## ❑ TAX CREDITS

- Low Income Housing Tax Credits (LIHTC)
  - Approx. \$12,000,000 federal allocation of 9% credits (CY 2007)
  - Estimated “raised up” amount \$107,000,000
- Community Investment Tax Credits (CITC)
  - \$1 million (FY 2007)
  - Allows for \$2,000,000 in contributions to nonprofits

# STATE DEVELOPMENT PLAN



**HB773:**

**“Determine the parameters for a  
...State Housing Plan...”**

# STATE DEVELOPMENT PLAN (Continued)



**pa-ram-e-ter** *n.* 1. A constant in a mathematical expression whose values determine the specific form or characteristic of the expression. 2. *Informal.* A typical element.

*(Webster'sII Dictionary)*

# STATE HOUSING PLAN (Continued)



## “Typical Elements...”

- ❑ Determination of Housing Needs, Rental and Homeownership
- ❑ Identification of Resources to Address Needs
- ❑ Establishment of Goals and Strategies for Increasing Housing Opportunities, based on existing and proposed resources

# STATE HOUSING PLAN (Continued)



## Other Elements...

- ❑ Preserving Housing Opportunities, rental and homeownership.
- ❑ Strategic “place-based” targeting for TOD’s, BRAC Zones, and Revitalization of Core Communities.
- ❑ Incentivizing the development of Local Workforce Housing Plans, achieving a better jobs/housing balance.
- ❑ Aligning investments with other Smart Growth Agencies and Strategies.
- ❑ Increasing financial education and homeownership counseling, an “asset-oriented” approach to housing.