

Neighborhood Stabilization & Homeownership Workgroup

PROPOSED WORK PLAN

as of July 24, 2014

Overview:

As requested by the Honorable Michael E. Busch, Speaker of The Maryland House of Delegates, in a letter dated March 19, 2014 to Mr. Jon Laria, Esq., Chair of the Sustainable Growth Commission, the Neighborhood Stabilization & Homeownership (NSHO) Workgroup has been formed for the purposes and related objectives described below.

Workgroup Purpose: To study the impact of the financial crisis on historically owner-occupied neighborhoods and to identify resources and strategies and recommendations to *preserve the stability of historically owner-occupied neighborhoods and promote homeownership in these neighborhoods.*

Related Objectives: Understand the impact of changes in the banking industry and the development and real estate environment on neighborhoods, families, homeownership and local tax base.

- Recommend strategies to mitigate negative impacts
- Submit recommendations for the next General Assembly in 2015

The Co-Chairs of the NSHO Workgroup are the Honorable Stephen Lafferty, Delegate, and Secretary Raymond A. Skinner of the Maryland Department of Housing and Community Development.

Timeline:

First Meeting - Thursday, July 24th at 9:00 AM – UMD School of Architecture

Second Meeting – Tuesday, August 26th or Thursday, August 28th

Third Meeting – Tuesday, September 23rd or Thursday, September 25th

Fourth Meeting – Tuesday, October 21st or Thursday, October 23rd

November – Circulate draft recommendations

December – Report finalized

January – Report published

Dates/Events to note:

August 13th – 16th – MACo Summer Conference

August 29th – State Offices Closed

September 1st – Labor Day Holiday

September 8th – 10th – MAR Conference

October 9th – HOPE Counseling Network quarterly meeting

October 13th – Columbus Day Holiday

Work Outline:

I. Research & Analysis – Trends in Neighborhood Stability

DHCD's Office of Research has established a methodology for identifying historically owner-occupied neighborhoods. Research will develop a neighborhood composite economic development index for the period 2006 through 2012. This data will show changes in stability in owner-occupied neighborhoods related to the housing and economic downturn.

II. Review of Existing Research – Trends in Mortgage Credit Availability

Trends in mortgage lending patterns, including mortgage credit availability, in the wake of the housing and sub-prime mortgage crisis and during the subsequent recession and recovery.

III. Public Incentives: Maryland's current programs and investments

Summary inventory of recent time limited investments and also ongoing programs using homeownership tools to preserve neighborhood stability.

- A. Recent Investment: HUD NSP/NCI 1, 2 & 3 (\$57 million)
- B. Recent Investment: NCI thru AG Settlement (\$16.9 million)
- C. DHCD programs: MMP and DSELP and Partnership Programs
- D. DHCD program: HOPE counseling
- E. MDP/MHT Sustainable Communities Tax Credit / Residential program
- F. Healthy Neighborhood Loan Pool and program
- G. JHU LNYW program and any other large employer/private assisted programs
- H. Local incentives:
 - Montgomery County's IZ program and Trust Fund and others
 - City tax credits
- I. Other local housing regulations or policies, including Code Enforcement

IV. Legislative approaches, enacted or proposed

- A. Neighborhood Conservation Tax Credit
- B. Acceleration of foreclosure process for vacant properties
- C. Del. McIntosh's transferability of Homestead tax credit
- C. Proposed but not enacted:
 - Assistance with student loan repayment for home purchase in designated areas (2014 session)

V. Other Topics for Discussion

A. **Barriers** to attracting or retaining homeowners

--e.g., not allowing down payment assistance as a deferred loan if that assistance raises the LTV above 100%

--Other

B. **Opportunities:**

1. **Audiences:** What are the target populations or areas for attracting and retaining homeowners?

--Check with Live Baltimore, Realtors, DHCD MMP, and other groups that may have demographic stats on who is buying in certain MD communities

2. **Target Areas:** What are the priority areas for homeownership investment?

3. **New or Enhanced Strategies & Partnerships:** What are the possible priorities for incentives and partnerships for sustaining the stability owner-occupied neighborhoods: (examples below just for discussion and sparking of additional ideas)

- To attract and support **developers** (for profit and nonprofit) that buy and rehab homes for resale
- To expand the number of **homebuyers** of diverse incomes that will buy (rehabbed) homes, for instance through:
 - access to safe mortgages and attractive down payment assistance through DHCD's MMP and DSELP programs
 - expansion of employer housing assistance programs , including grants via partners for down payment assistance
- To expand the number of **homebuyers** of diverse incomes that will buy AND rehab their older homes through:
 - access to affordable purchase plus rehab financing (such as thru the Healthy Neighborhoods model)
- To retain **existing homeowners** assisting them modernize their homes to meet their needs and/or lower housing costs through:
 - accessible and affordable rehab loans
 - affordable energy efficiency audits and retrofits
- To strengthen **nonprofit intermediaries and CDFIs** through which incentives are delivered and promoted.
 - capitalization of CDFI lending pools for residential lending (for instance Self-Help Housing)