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January 20, 2015

The Honorable Michael E. Busch
Speaker of the House of Delegates
H-101 State House
State Circle
Annapolis, MD 21401

Mr. Speaker:

On behalf of the Maryland Sustainable Growth Commission, I am pleased to submit the final report of the Neighborhood Stabilization and Homeownership Workgroup (NSHO). In your March 19, 2014 letter to the Commission, you asked the Commission 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. This report recommends a detailed set of legislative, policy and program initiatives that address the specific challenges confronting Maryland communities with respect to reinvesting in homeownership.

These comprehensive findings reflect the diversity of the Workgroup's membership which represented a broad set of stakeholders, including: real estate agents, large and local community mortgage lenders, non-profit and for-profit developers, housing and legal counseling organizations, local and state government agencies, and members of the Maryland General Assembly. Additionally, the Workgroup's focus and recommendations were guided by the critical insights of four focus groups from these same sectors.

You further specifically tasked the Workgroup to recommend actions for the next Maryland General Assembly. Accordingly, below are legislative and budgetary priorities that are recommended:

- Provide flexibility to the Maryland Department of Housing and Community Development (DHCD) to tailor its single-family tools to meet the needs of communities and neighborhoods designated for revitalization;
- Enhance the Neighborhood Conservation Act of 2012 to use state incentives to encourage local governments to utilize the Act's flexibility authority for reducing local property taxes in areas targeted for revitalization;
- Establish required financial education courses and graduation requirements in public schools statewide, from Kindergarten through High School.



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- Sustain and expand the budget for DHCD's down payment assistance programs so that the Department can expand homeownership lending in areas in need of revitalization.
- Sustain and expand the budget for the state's core tool kit of revitalization programs, including Community Legacy, Strategic Demolition, Neighborhood BusinessWorks, the Sustainable Communities Tax Credit and the Baltimore Regional Neighborhoods Initiative.

We are all very aware of the challenges the new Administration and Legislature will face in balancing the state's budget. However, with relatively modest investments in homeownership and revitalization, the state can reap significantly larger economic development and neighborhood stability gains.

In addition, a number of the NSHO recommendations ask that the Maryland Department of Housing & Community Development develop new innovative financing tools that are needed for the purchase and rehabilitation of older housing stock in historically owner-occupied neighborhoods. We also recommend that DHCD innovate in its use of the Maryland Housing Fund in order to provide credit enhancement that may be needed for the private market to participate in making certain investments in these neighborhoods. It was determined that these recommendations fall within DHCD's existing statutory authority.

In conclusion, I wish to express my appreciation to all members and participants of the Workgroup. This was a highly engaged set of leaders; their involvement in meetings and discussions was instrumental in making these recommendations meaningful. I would also like to thank the professional and dedicated staff of DHCD without which this work would not have been possible. I look forward to discussing this work with you further and answering any questions you may have.

Sincerely,



Jon Laria
Chair

CC: Delegate Steve Lafferty, NSHO Workgroup Co-Chair
Delegate Sandy Rosenberg
Senator Bill Ferguson
Kenneth J. Holt, Acting Secretary, DHCD
Steve Silver, Chief Financial Officer, DHCD
Carol Gilbert, Assistant Secretary, DHCD
Maryland Sustainable Growth Commission members
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