

State of Maryland  
Annual Action Plan  
2021



**Maryland**

**DEPARTMENT OF HOUSING  
AND COMMUNITY DEVELOPMENT**

*Community Development Block Grants  
HOME Investment Partnerships  
National Housing Trust Fund  
Emergency Solutions Grants  
Housing Opportunities for Persons with AIDS*

Annual Action Plan  
2021

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## Executive Summary

### AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

#### 1. Introduction

The State of Maryland recently conducted a housing needs assessment (HNA) to review housing needs in Maryland and its jurisdictions through 2030. Findings outline a vision and guiding principles that may be used to coordinate housing decisions statewide in allocating federal funds for Community Development Block Grants (CDBG), Emergency Shelter Grants (ESG), HOME Investment Partnership (HOME) and Housing Opportunities for People with AIDS funds. These awards are expected to leverage private funds to help attain some of the housing goals laid out in the 2021 Annual Action Plan. As a planning tool, HUD's three basic goals are:

**Goal 1. To provide decent housing**

**Goal 2. To provide a suitable living environment, and**

**Goal 3. To expand economic opportunities.**

**Goal 1 includes:** Assisting homeless persons to obtain housing, retaining the affordable housing stock, increasing the availability of permanent housing that is affordable to low-income Americans without discrimination, improving access to housing credit, and increasing supportive housing that includes structural features and services to enable persons with special needs to live in dignity.

**Goal 2 includes:** Improving the safety and livability of neighborhoods, increasing access to quality facilities and services, reducing the isolation of income groups within areas by de-concentrating housing opportunities and revitalizing deteriorating neighborhoods, restoring, enhancing and preserving natural and physical features of special value for historic, architectural, or aesthetic reasons, and conserving energy resources.

**Goal 3 includes:** Creating jobs accessible to low-income persons, providing access to credit for community development that promotes long-term economic and social viability, and empowering low-income persons to achieve self-sufficiency in federally-assisted and public housing.

Efforts to achieve each of these goals must primarily benefit low-income persons. The Annual Action Plan must be developed in accordance with the following statutory goals: Elimination of slums and blight, elimination of conditions that are detrimental to health, safety and public welfare, conservation and expansion of the nation's housing stock, expansion and improvement of the quantity and quality of community services, better utilization of land and other natural resources, reduction of the isolation of income groups within communities and geographic areas, restoration and preservation of properties of special value, alleviation of physical and economic distress, and conservation of the nation's scarce energy resources.

It should be noted that the State's Annual Action Plan primarily focuses on the State's **non-entitlement** jurisdictions, with the exception of the National Housing Trust Fund (HTF). The non-entitlement jurisdictions are areas, primarily rural, which do not receive direct allocations of Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Shelter Grants (ESG) and Housing Opportunities for Persons With AIDS (HOPWA) funds directly from HUD. Rather, the State administers these funds on their behalf. The State's entitlement jurisdictions which are NOT covered by the State's Plan – because they receive direct funding from HUD - are Anne Arundel, Baltimore, Harford, Howard, Montgomery and Prince George's Counties, and the Cities of Annapolis, Baltimore, Bowie, Cumberland, Frederick, Gaithersburg, Hagerstown and Salisbury. All other areas in the State fall under the State's Annual Action Plan.

## **2. Summarize the objectives and outcomes identified in the Plan**

In developing its Plan, the State determined it would focus on four main areas:

1. Increasing Affordable Rental Housing (with an emphasis on rental housing for low and extremely low income households, special needs population including persons with physical and mental disabilities as well as those living with HIV/AIDs) – outcomes will be based on the number of units produced as well as leveraging to provide additional housing resources to provide services.

2. Promoting homeownership for first time homebuyers (including families with student debt and veterans) – outcomes will be measured by units as well as new homebuyers in designated Sustainable Communities.
3. Community Revitalization (with an emphasis on small business expansion and lending) – outcomes will include economic impact on neighborhoods assisted, number of new small businesses assisted/created.
4. Reducing homelessness, with a particular emphasis on supportive housing for vulnerable populations, including the chronically homeless, youth, and veterans and those living with HIV/AIDs – outcomes will include reduced homelessness counts and services provided to those living with HIV/AIDs.

### **3. Evaluation of past performance**

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

DHCD was generally very successful in carrying out the goals identified in its last Plan. The State's goals in that plan were to provide affordable housing, promote homeownership, revitalize communities and reduce homelessness. DHCD met its goals for both rental assistance and providing housing under the "Special Needs" programs. It also met its goals for producing units of affordable rental housing. The Department continues to be an industry leader for homeownership in the state and has exceeded its goals regularly.

In terms of community revitalization efforts, DHCD was also successful in this area. Notable achievements include project C.O.R.E. and the continuum of work in Sustainable Communities with the legislation that was previously passed. In addition, the Department's received several rounds of CARES funding to respond to the pandemic and was able to quickly pivot and adapt to utilize the funding to meet the needs of the citizens of the state during these difficult times. The department also successfully transferred the State's Continuum of Care for homeless needs to the department and continues to work with its partners to address homelessness in the state.

## **Summary of Citizen Participation Process and Consultation Process**

DHCD carried out its citizen participation process through a combination of different efforts. This included holding numerous public hearings on the Plan, placing newspaper advertisements regarding the development of the Plan (both before and after it was written in draft form), mass mailings on the Plan to potentially interested parties and public surveys; and making draft documents available to the public for review during the comment period. Input received was considered during the development of 2021 Annual Action Plan.

The first set of public hearings was held before the draft Plan was developed. First set of public hearings were held virtually due to COVID precautions on Monday, April 19, 2021, at 6:00 p.m. and on Tuesday, April 20, 2021, at 2:00 p.m. The second set of public hearings were also held virtually due to COVID precautions on Monday, July 26, 2021 at 6:00 p.m. and on Tuesday, July 27, 2021, at 2:00 p.m. , DHCD carried out its citizen participation process through a combination of different efforts. This included holding numerous public hearings on the Plan, placing newspaper advertisements regarding the development of the Plan (both before and after it was written in draft form), mass email on the Plan to potentially interested parties, and public surveys, among other avenues.

Translation services were offered for those who requested it, either through interpretive services for the hearing impaired and/or for persons who speak English as a second language. The virtual hearings were presented in visual form and participants could also join via phone.

Notices of these hearings and the development of the Plan in pre-development and draft form were placed in numerous newspapers throughout the State, including the Baltimore Sun, Annapolis Capital Gazette, Hagerstown Daily Mail, and the Kent County Times. In addition, DHCD did mass emailing through an agency wide list of contacts to individuals and organizations who were potential stakeholders or where interested in the Plan, including nonprofit and for-profit developers, municipal and county executives, public housing authorities, community action agencies, faith-based organizations, homeless services providers, advocacy organization, AIDS/HIV organizations, and local housing and community development contacts, among others. DHCD also posted the notice on our website.

After the draft Plan was completed, the State published the Plan for 30 days of public comment starting on Wednesday, July 14, 2021, with written and email comments accepted through ending Saturday, August 14, 2021. Notice of availability of the draft Plan was placed in all the newspapers noted above. The draft Plan was also posted on DHCD's website. The public review and comment period for the 2021 Annual Action Plan was in accordance with the U.S. Department of Housing and Urban Development ("HUD") guidance.

**5. Summary of public comments**

There were no public comments on the plan.

**6. Summary of comments or views not accepted and the reasons for not accepting them**

There were no public comments on the plan.

**7. Summary**

During program year 2019, the State received HUD funding through the federal Coronavirus Aid, Relief and Economic Security Act (CARES). Funds were provided to address emergency needs as a result of the Coronavirus pandemic. The State received \$26.1 million of CDBG and \$14.7 million of Emergency Solutions grant funding. Funding from both programs was immediately put to use to provide funding for emergency rental assistance and a multitude of services for the homeless, seniors, disabled persons and others.

## PR-05 Lead & Responsible Agencies - 91.300(b)

### 1. Agency/entity responsible for preparing/administering the Consolidated Plan

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

| Agency Role         | Name     | Department/Agency |
|---------------------|----------|-------------------|
| CDBG Administrator  | MARYLAND | DHCD              |
| HOPWA Administrator |          | MDH               |
| HOME Administrator  | MARYLAND | DHCD              |
| ESG Administrator   | MARYLAND | DHCD              |
|                     |          | DHCD              |

Table 1 – Responsible Agencies

### Narrative

The Maryland Department of Housing and Community Development (DHCD) is the lead agency for the Community Development Block Grant (CDBG), HOME Investments Partnership Program (HOME), National Housing Trust Fund (HTF) and Emergency Solutions Grants (ESG) program. The Maryland Department of Health and Mental Hygiene (DHMH) is the lead agency for the Housing Opportunities for Persons With AIDS (HOPWA) program.

### Annual Action Plan Public Contact Information

General questions about the Annual Action Plan should be directed to Ja’Nai Streat at the Department of Housing & Community Development, which acts as the lead agency for the State located at 7800 Harkins Road, Lanham, MD 20706, Phone (301) 429-7445 or via email [janai.streat@maryland.gov](mailto:janai.streat@maryland.gov)

Questions about the Housing Trust Fund, LIHTC and Section 811 or related sections should be directed to Gregory Hare at the Department of Housing & Community Development's Multi-Family Division located at 7800 Harkins Road, Lanham, MD 20706, Phone (301) 429-7775 or via email [gregory.hare@maryland.gov](mailto:gregory.hare@maryland.gov)

Questions about the Housing Market Analysis or housing related sections should be directed to Bernice Mensah at the Department of Housing & Community Development's Housing Economic Research Office located at 7800 Harkins Road, Lanham, MD 20706, Phone (301) 429-7446 or via email [bernice.mensah@maryland.gov](mailto:bernice.mensah@maryland.gov)

Questions about the HOME program and related sections should be directed to Dale Quisgard at the Department of Housing & Community Development's Single Family Division located at 7800 Harkins Road, Lanham, MD 20706, Phone (301) 429-7797 or via email [dale.quisgard@maryland.gov](mailto:dale.quisgard@maryland.gov)

Questions about the homelessness related sections should be directed to Stuart Campbell at the Department of Housing & Community Development's Neighborhood Revitalization Division located at 7800 Harkins Road, Lanham, MD 20706, Phone (301) 429-7522 or via email [stuart.campbell@maryland.gov](mailto:stuart.campbell@maryland.gov)

Questions about CDBG or non-housing related sections should be directed to Cindy Stone at the Department of Housing & Community Development's Neighborhood Revitalization Division located at 7800 Harkins Road, Lanham, MD 20706, Phone (301) 429-7519 or via email [cindy.stone@maryland.gov](mailto:cindy.stone@maryland.gov)

Questions about Housing Opportunities for Persons With AIDS (HOPWA) related sections should be directed to Terry Hawkins or Chuma Nkamhoua at the Department of Health located at 500 N. Calvert Street, Baltimore, MD 21202. Phone 410-767-5962 or via email at [terry.hawkins@maryland.gov](mailto:terry.hawkins@maryland.gov) or [chuma.nkamhoua@maryland.gov](mailto:chuma.nkamhoua@maryland.gov)



## **AP-10 Consultation - 91.110, 91.300(b); 91.315(l)**

### **1. Introduction**

The Annual Action Plan incorporates the efforts of other agencies, organizations, and citizens throughout the state. This report embarks on a needs assessment that reviews housing needs across the state particular in the non-entitlement jurisdictions involving several divisions within multiple agencies as well numerous programs and funding sources. Using housing data from Census.gov as the main source, program data is used to project and establish objectives and measurable outcomes in an attempt to quantify the need and establish a framework to meet the need to provide decent housing for the citizens of Maryland. To attain this objective and outcomes, this plan garners the expertise from different agencies, program personnel, non-profits, advocacy groups (Continuums of Care, homeless and housing service providers) to come up with a plan using reliable data sources to define goals and strategies. This will assist in the distribution of federal funds equitably within its non-entitlement jurisdictions while leveraging private funds to meet its goal of providing decent housing solutions to its citizens.

The State consulted with the Departmental and Housing and Community Development, Department of Health, Department of Disabilities, Department of Planning; all of the State's Counties, PHAs, municipalities, and towns, as well as affiliate organizations such as MAHRA and MACO.

The State also consulted with Nonprofits such as the United Way of Central Maryland, Associated Catholic Charities, various chapters of Habitat for Humanity, various chapters of the YMCA, all of the State's Continuums of Care, all of the State's Community Action Agencies, and many others. A complete listing of the over 600 organizations consulted is available upon request. Additionally, a list of non-profits and other organizations are referenced throughout the plan.

### **Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies**

DHCD has a long history of working with the Maryland Department of Health (MDH) and the Maryland Department of Disabilities (MDoD), as well as other Cabinet Departments to carry out housing and community development efforts.

Specifically, in 2020 the Department entered into a new interagency agreement, which has remained continuous since 2012. The three agencies work together to administer multiple programs that provide integrated and affordable housing opportunities for people with disabilities, including the U.S Department of Housing and Urban Development's Section 811 Project Rental Assistance Program (PRA). The 811 program includes three awards, most recently \$6.9 million in CY20, resulting in approximately \$28 million in rental assistance. These agencies also work together on many other efforts (discussed

more fully elsewhere in the Plan), including operating programs such as the Bridge Subsidy, Weinberg Deeply Affordable, Mainstream, and Non-Elderly Disabled Category II program. Additionally, DHCD, working with MDH and MDOD, and private developers, has worked to ensure that projects financed with federal Low-Income Housing Tax Credits (LIHTC) assist individuals with disabilities. By providing points under the State's Qualified Allocation Plan (QAP), DHCD supports the creation of permanent housing opportunities integrated across the state for targeted populations, particularly those with disabilities who rely primarily on Supplemental Security Income (SSI) or Social Security Disability Income (SSDI).

DHCD also coordinates strategies to address homelessness closely with MDH and MDOD, which are both part of the State Interagency Council on Homelessness as well as board members for the Maryland Balance of State Continuum of Care. Agencies work together to co-fund homeless shelter and permanent housing programs under the Continuum of Care, develop coordinated public health strategy for addressing the mental, physical, and developmental needs of people experiencing homelessness, and work jointly to reduce the number of people that exit from publicly-funded institutions/systems of care into homelessness.

**Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness**

DHCD grants homeless services funds to all CoCs in Maryland and works closely with them throughout the year to assess needs of homeless households, solicit local input into statewide strategies to address homelessness, provide training and technical assistance to homeless services providers, and align funding priorities.

During 2021, DHCD convened Continuums of Care twice for a statewide meeting and held biweekly calls to solicit information about local homeless needs, gaps in resources/funding, gaps in public health and behavioral health resources, and gather feedback on state policy initiatives. Additionally, five CoCs have designated seats on the State Interagency Council on Homelessness, which DHCD facilitates. Over 20 members from the CoCs across the state participate in committees and workgroups of the Maryland Interagency Council on Homelessness (ICH). The ICH adopted a homeless services framework that prioritizes systems change.

DHCD also serves as the Collaborative Applicant and Lead Agency for the new Maryland Balance of State Continuum of Care, which was created in January 2020 and merged five rural/suburban CoCs into one (Allegany County, Garrett County, Washington County, Cecil County, and Southern Maryland).

DHCD staff attend local CoC meetings and have provided technical assistance with analyzing racial disparities, increasing the representation of people with lived experience of homelessness, increasing the capacity and effectiveness of rapid re-housing, and implementing special population initiatives for

veterans and youth. DHCD funds and leads an annual statewide homeless youth count and needs assessment in coordination with CoCs, who are represented on the steering committee and implement the count locally in their community.

**Describe consultation with the Continuum(s) of Care that serves the State in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS**

In 2017-2018, the State of Maryland consolidated all funding streams available to address homelessness into DHCD, creating a new Homelessness Solutions Program (HSP). HSP funds, which include both Federal ESG and State funds, are granted directly to CoC Collaborative Applicant/Lead Agencies each year. This consolidation process solicited feedback from Continuums of Care across the State on the best method for allocating funds. DHCD ESG funds are primarily awarded to non-entitlement jurisdictions, though there are occasions where ESG may be made available to entitlement jurisdictions - examples include new and urgent funding priorities to address homelessness, need to reallocate from slow spenders, braiding together different funding streams to meet local needs, and meeting State match requirements.

Continuums of Care then work with their board and membership to develop an annual plan for allocating funds based on local needs, housing inventory, and other leveraged resources. Continuums of Care engage regularly (at a minimum biannually) with DHCD to provide feedback on funding priorities, policies, procedures, performance targets, and general grant management and oversight.

DHCD operates the Maryland State Data Warehouse (MSDWH), which collects data from every CoC's Homeless Management Information System on a quarterly basis. The data is used by DHCD to create monthly performance reports for all homeless services projects across the State. DHCD works with each CoC to address project performance concerns and evaluate outcomes as needed and annually during the CAPER process. During the initial creation of the State's performance targets for ESG funds, CoCs provided feedback on key performance metrics, how they should be utilized, and the performance targets that were developed.

DHCD reviews each CoC's policies and procedures for HSP (including ESG funds) annually during the monitoring process. This includes working with the CoC to evaluate the effectiveness of and improvements needed to their policies and procedures, HMIS administration, system performance, project performance, and more. DHCD allows each Continuum of Care to utilize HSP funds for the development, administration, and contribution of data to their local HMIS.

During 2021, DHCD facilitated biweekly calls with CoCs to gather input on program priorities, funding needs, and policies.

**2. Agencies, groups, organizations, and others who participated in the process and consultations**

**Table 2 – Agencies, groups, organizations who participated**

|   |                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                               |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | <b>Agency/Group/Organization</b>                                                                                                                                   | WASHINGTON COUNTY COMMUNITY ACTION COUNCIL, INC.                                                                                                                                                                                                                                                                                              |
|   | <b>Agency/Group/Organization Type</b>                                                                                                                              | Services-homeless                                                                                                                                                                                                                                                                                                                             |
|   | <b>What section of the Plan was addressed by Consultation?</b>                                                                                                     | Homeless Needs - Chronically homeless                                                                                                                                                                                                                                                                                                         |
|   | <b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b> | Balance of State Continuum of Care - Lead Agency for Local Homelessness Coalition. WCCAC is also the local Community Action Agency. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction. |
| 2 | <b>Agency/Group/Organization</b>                                                                                                                                   | GARRETT COUNTY COMMUNITY ACTION COMMITTEE, INC.                                                                                                                                                                                                                                                                                               |
|   | <b>Agency/Group/Organization Type</b>                                                                                                                              | Services-homeless                                                                                                                                                                                                                                                                                                                             |
|   | <b>What section of the Plan was addressed by Consultation?</b>                                                                                                     | Housing Need Assessment<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Homelessness Strategy<br>Market Analysis<br>Anti-poverty Strategy                                                                                 |
|   | <b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b> | Balance of State Continuum of Care - Lead Agency for Local Homelessness Coalition. GCCAC is also the local Community Action Agency. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction. |
| 3 | <b>Agency/Group/Organization</b>                                                                                                                                   | CARROLL COUNTY, BOARD OF COMMISSIONERS                                                                                                                                                                                                                                                                                                        |
|   | <b>Agency/Group/Organization Type</b>                                                                                                                              | Services-homeless                                                                                                                                                                                                                                                                                                                             |

|   |                                                                                                                                                                    |                                                                                                                                                                                                                                                               |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   | <b>What section of the Plan was addressed by Consultation?</b>                                                                                                     | Housing Need Assessment<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Homelessness Strategy<br>Market Analysis<br>Anti-poverty Strategy |
|   | <b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b> | Continuum of Care Lead Agency. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.                      |
| 4 | <b>Agency/Group/Organization</b>                                                                                                                                   | FREDERICK, CITY OF                                                                                                                                                                                                                                            |
|   | <b>Agency/Group/Organization Type</b>                                                                                                                              | Services-homeless                                                                                                                                                                                                                                             |
|   | <b>What section of the Plan was addressed by Consultation?</b>                                                                                                     | Housing Need Assessment<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Homelessness Strategy<br>Market Analysis<br>Anti-poverty Strategy |
|   | <b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b> | Continuum of Care Lead Agency. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.                      |
| 5 | <b>Agency/Group/Organization</b>                                                                                                                                   | ALLEGANY COUNTY, BOARD OF COMISSIONERS                                                                                                                                                                                                                        |
|   | <b>Agency/Group/Organization Type</b>                                                                                                                              | Services-homeless                                                                                                                                                                                                                                             |
|   | <b>What section of the Plan was addressed by Consultation?</b>                                                                                                     | Housing Need Assessment<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Homelessness Strategy<br>Market Analysis<br>Anti-poverty Strategy |

|   |                                                                                                                                                                    |                                                                                                                                                                                                                                                                                              |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   | <b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b> | Balance of State Continuum of Care - Lead Agency for Local Homelessness Coalition. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction. |
| 6 | <b>Agency/Group/Organization</b>                                                                                                                                   | HOWARD COUNTY                                                                                                                                                                                                                                                                                |
|   | <b>Agency/Group/Organization Type</b>                                                                                                                              | Services - Housing                                                                                                                                                                                                                                                                           |
|   | <b>What section of the Plan was addressed by Consultation?</b>                                                                                                     | Housing Need Assessment<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Homelessness Strategy<br>Market Analysis<br>Anti-poverty Strategy                                |
|   | <b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b> | Continuum of Care Lead Agency. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.                                                     |
| 7 | <b>Agency/Group/Organization</b>                                                                                                                                   | Somerset County Health Department                                                                                                                                                                                                                                                            |
|   | <b>Agency/Group/Organization Type</b>                                                                                                                              | Services-homeless                                                                                                                                                                                                                                                                            |
|   | <b>What section of the Plan was addressed by Consultation?</b>                                                                                                     | Housing Need Assessment<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Homelessness Strategy<br>Market Analysis                                                         |
|   | <b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b> | Continuum of Care Lead Agency. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.                                                     |
| 8 | <b>Agency/Group/Organization</b>                                                                                                                                   | Mid Shore Behavioral Health, Inc.                                                                                                                                                                                                                                                            |
|   | <b>Agency/Group/Organization Type</b>                                                                                                                              | Services-homeless                                                                                                                                                                                                                                                                            |

|    |                                                                                                                                                                    |                                                                                                                                                                                                                                                                                              |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    | <b>What section of the Plan was addressed by Consultation?</b>                                                                                                     | Housing Need Assessment<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Homelessness Strategy<br>Market Analysis<br>Anti-poverty Strategy                                |
|    | <b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b> | Continuum of Care Lead Agency. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.                                                     |
| 9  | <b>Agency/Group/Organization</b>                                                                                                                                   | Three Oaks Homeless Shelter, Inc.                                                                                                                                                                                                                                                            |
|    | <b>Agency/Group/Organization Type</b>                                                                                                                              | Services-homeless                                                                                                                                                                                                                                                                            |
|    | <b>What section of the Plan was addressed by Consultation?</b>                                                                                                     | Housing Need Assessment<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Homelessness Strategy<br>Market Analysis<br>Anti-poverty Strategy                                |
|    | <b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b> | Balance of State Continuum of Care - Lead Agency for Local Homelessness Coalition. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction. |
| 10 | <b>Agency/Group/Organization</b>                                                                                                                                   | Cecil County Health Department                                                                                                                                                                                                                                                               |
|    | <b>Agency/Group/Organization Type</b>                                                                                                                              | Services-homeless                                                                                                                                                                                                                                                                            |
|    | <b>What section of the Plan was addressed by Consultation?</b>                                                                                                     | Housing Need Assessment<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Market Analysis<br>Anti-poverty Strategy                                                         |

|    |                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                          |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    | <b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b> | Balance of State Continuum of Care - Lead Agency for Local Homelessness Coalition and Local Health Department. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction. |
| 11 | <b>Agency/Group/Organization</b>                                                                                                                                   | Harford County Community Action Agency                                                                                                                                                                                                                                                                                   |
|    | <b>Agency/Group/Organization Type</b>                                                                                                                              | Services-homeless                                                                                                                                                                                                                                                                                                        |
|    | <b>What section of the Plan was addressed by Consultation?</b>                                                                                                     | Housing Need Assessment<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Homelessness Strategy<br>Market Analysis<br>Anti-poverty Strategy                                                            |
|    | <b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b> | Continuum of Care Lead Agency and local Community Action Agency. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.                                               |
| 12 | <b>Agency/Group/Organization</b>                                                                                                                                   | DEPARTMENT OF SOCIAL SERVICES-PRINCE GEORGE'S COUNTY                                                                                                                                                                                                                                                                     |
|    | <b>Agency/Group/Organization Type</b>                                                                                                                              | Services-homeless                                                                                                                                                                                                                                                                                                        |
|    | <b>What section of the Plan was addressed by Consultation?</b>                                                                                                     | Housing Need Assessment<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Market Analysis<br>Anti-poverty Strategy                                                                                     |



|    |                                                                                                                                                                    |                                                                                                                                                                                                                                                                                  |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    | <b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b> | Continuum of Care Lead Agency and local Department of Social Services. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction. |
| 13 | <b>Agency/Group/Organization</b>                                                                                                                                   | MONTGOMERY COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES                                                                                                                                                                                                                        |
|    | <b>Agency/Group/Organization Type</b>                                                                                                                              | Services-homeless                                                                                                                                                                                                                                                                |
|    | <b>What section of the Plan was addressed by Consultation?</b>                                                                                                     | Housing Need Assessment<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Homelessness Strategy<br>Market Analysis<br>Anti-poverty Strategy                    |
|    | <b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b> | Continuum of Care Lead Agency and local health department. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.             |
| 14 | <b>Agency/Group/Organization</b>                                                                                                                                   | Mayor Office of Human Services                                                                                                                                                                                                                                                   |
|    | <b>Agency/Group/Organization Type</b>                                                                                                                              | Services-homeless                                                                                                                                                                                                                                                                |
|    | <b>What section of the Plan was addressed by Consultation?</b>                                                                                                     | Housing Need Assessment<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Homelessness Strategy<br>Market Analysis<br>Anti-poverty Strategy                    |
|    | <b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b> | Continuum of Care Lead Agency. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.                                         |

|    |                                                                                                                                                                    |                                                                                                                                                                                                                                                               |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 15 | <b>Agency/Group/Organization</b>                                                                                                                                   | Baltimore County Department of Planning                                                                                                                                                                                                                       |
|    | <b>Agency/Group/Organization Type</b>                                                                                                                              | Services-homeless                                                                                                                                                                                                                                             |
|    | <b>What section of the Plan was addressed by Consultation?</b>                                                                                                     | Housing Need Assessment<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Homelessness Strategy<br>Market Analysis<br>Anti-poverty Strategy |
|    | <b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b> | Continuum of Care Lead Agency. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.                      |
| 16 | <b>Agency/Group/Organization</b>                                                                                                                                   | ANNE ARUNDEL COUNTY                                                                                                                                                                                                                                           |
|    | <b>Agency/Group/Organization Type</b>                                                                                                                              | Services-homeless                                                                                                                                                                                                                                             |
|    | <b>What section of the Plan was addressed by Consultation?</b>                                                                                                     | Housing Need Assessment<br>Homeless Needs - Chronically homeless<br>Homeless Needs - Families with children<br>Homelessness Needs - Veterans<br>Homelessness Needs - Unaccompanied youth<br>Homelessness Strategy<br>Anti-poverty Strategy                    |
|    | <b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b> | Continuum of Care Lead Agency. The agency provided data and local information on funding needs, resource gaps, coordination of policy and strategies, and measuring progress in addressing homelessness and poverty in its jurisdiction.                      |

**Identify any Agency Types not consulted and provide rationale for not consulting**

None

**Other local/regional/state/federal planning efforts considered when preparing the Plan**

| Name of Plan                               | Lead Organization                                        | How do the goals of your Strategic Plan overlap with the goals of each plan?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Continuum of Care                          | Maryland Department of Housing and Community Development | DHCD's goals for addressing homelessness are directly aligned with HUD's stated goals under the Continuum of Care model to make homelessness rare, brief, and non-recurring. This means (1) reducing first-time homelessness, (2) reducing the length of time people experience homelessness, and (3) reducing returns to homelessness after moving into permanent housing. Working in collaboration with CoCs across Maryland, DHCD actively works to strengthen the Coordinated Entry process to move individuals from homelessness into housing quickly, invest in permanent housing resources to increase long-term household stability, and increase adoption of best practices such as shelter diversion and creative problem-solving with families at risk of entering the homeless system. |
| Federal Strategic Plan to End Homelessness | United States Interagency Council on Homelessness        | "Home, Together" outlines key federal funding priorities and strategies to end homelessness across all subpopulations. Key priorities outlined in the plan for CoCs/ESG recipients that align with DHCD's plan are to: (1) Quickly identify and engage people at risk of and experiencing homelessness; (2) Intervene to prevent people from losing their housing and divert people from entering the homelessness services system; (3) Provide people with immediate access to shelter and crisis services without barriers to entry if homelessness does occur; (4) Quickly connect people experiencing homelessness to housing assistance and services tailored to their unique needs and strengths to help them achieve and maintain stable housing.                                           |

| Name of Plan                         | Lead Organization                            | How do the goals of your Strategic Plan overlap with the goals of each plan?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Maryland Homeless Services Framework | Maryland Interagency Council on Homelessness | The Maryland Homeless Services Framework establishes seven goals, with supporting actions and strategies, to address homelessness in Maryland and improve the existing system of services. Goals include (1) increasing permanent supportive housing, (2) reducing barriers to shelter and improving quality of services, (3) reducing discharges from institutional settings into homelessness, (4) strengthen housing and service options for veterans, (5) increase unaccompanied youth housing, employment, and education services, (6) reduce barriers for homeless jobseekers in obtaining employment and access to career training, and (7) increase the representation and leadership roles for people with lived experience of homelessness. |

**Table 3 - Other local / regional / federal planning efforts**

**Narrative**

Many groups and organizations were consulted during the annual planning process this includes, among many others:

- State Agencies and Boards/Councils - Maryland Department of Health, Maryland Department of Disabilities, Maryland Department of Environment, Maryland Department of Business and Economic Development, Maryland Department of Planning, Governor's Office of Crime Control and Prevention, Maryland Commission on Civil Rights, Governor's Workforce Investment Board, Maryland Interagency Council on Homelessness
- Local Government - Counties, PHAs, municipalities, and towns, as well as affiliate organizations such as MAHRA and MACO
- Non-profits, Continuums of Care, and Community Action Agencies
- The CDBG Program conducted a survey of non-entitlement communities requesting information about needs, priorities, and about the CDBG Program. Additionally, survey respondents were asked about technical assistance needs.

In this narrative we are addressing the area of describing persons, especially low-income persons, living in areas designated by the State as revitalization area, areas designated by either a local jurisdiction or a state as a slum and blighted area and areas where CDBG funds are proposed to be used. The State has no designated revitalization areas or slum and blight areas.

In this narrative we are addressing the area for consolidated plans submitted on or after January 1, 2018, does the plan show consultation with Broadband internet service providers; organizations engaged in narrowing the digital divide; agencies whose primary responsibilities include the management of flood prone areas, public land, or water resources; emergency management agencies. The Office of Statewide Broadband's mission is to ensure that every Marylander has access to broadband services, regardless of their zip code. The Office of Statewide Broadband provided information and insight on the availability of broadband in MD and data collected from consultation with broadband providers in MD. Through partnerships with local jurisdictions and the private sector, the Office offers funding and technical assistance to help entities qualify for federal financing opportunities. The Office also has a broadband funding structure through the Local Government Infrastructure Financing (LGIF) program at the DHCD to assist Local Jurisdictions and ISPs in expanding broadband service. Through these efforts, Maryland will reduce, and eventually eliminate rural communities and residents being underserved by the current internet infrastructure.

In this narrative we are addressing Consultation with PHA and Section 8. DHCD is considered a voucher only PHA. The Department incentivizes funding for projects that develop robust feedback and conflict resolution mechanisms for residents in affordable housing. Additionally, each year, the Department conducts several public listening sessions to take feedback from the public, discuss resources, and provide an opportunity for questions and answers about its programs.

## **AP-12 Participation - 91.115, 91.300(c)**

### **1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting**

DHCD carried out its citizen participation process through a combination of different efforts. This included holding numerous public hearings on the Plan, placing newspaper advertisements regarding the development of the Plan (both before and after it was written in draft form), mass mailings on the Plan to potentially interested parties and public surveys; and making draft documents available to the public for review during the comment period. Input received was considered during the development of 2021 Annual Action Plan.

The first set of public hearings was held before the draft Plan was developed. First set of public hearings were held virtually due to COVID precautions on Monday, April 19, 2021, at 6:00 p.m. and on Tuesday, April 20, 2021, at 2:00 p.m. The second set of public hearings were also held virtually due to COVID precautions on Monday, July 26, 2021, at 6:00 p.m. and on Tuesday, July 27, 2021, at 2:00 p.m., DHCD carried out its citizen participation process through a combination of different efforts. This included holding numerous public hearings on the Plan, placing newspaper advertisements regarding the development of the Plan (both before and after it was written in draft form), mass email on the Plan to potentially interested parties, and public surveys, among other avenues.

Translation services were offered for those who requested it, either through interpretive services for the hearing impaired and/or for persons who speak English as a second language. The virtual hearings were presented in visual form and participants could also join via phone.

Notices of these hearings and the development of the Plan in pre-development and draft form were placed in numerous newspapers throughout the State, including the Baltimore Sun, Annapolis Capital Gazette, Hagerstown Daily Mail, and the Kent County Times. In addition, DHCD did mass emailing through an agency wide list of contacts to individuals and organizations who were potential stakeholders or where interested in the Plan, including nonprofit and for-profit developers, municipal and county executives, public housing authorities, community action agencies, faith-based organizations, homeless services providers, advocacy organization, AIDS/HIV organizations, and local housing and community development contacts, among others. DHCD also posted the notice on our website.

After the draft Plan was completed, the State published the Plan for 30 days of public comment starting on Wednesday, July 14, 2021, with written and email comments accepted through ending Saturday, August 14, 2021. Notice of availability of the draft Plan was placed in all the newspapers noted above. The draft Plan was also posted on DHCD's website. The public review and comment period for the 2021 Annual Action Plan was in accordance with the U.S. Department of Housing and Urban Development ("HUD") guidance.

**Citizen Participation Outreach**

| Sort Order | Mode of Outreach | Target of Outreach           | Summary of response/attendance                                                                                               | Summary of comments received  | Summary of comments not accepted and reasons | URL (if applicable) |
|------------|------------------|------------------------------|------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------------|---------------------|
| 1          | Public Hearing   | Non-targeted/broad community | The first set of hearings had a total of 6 people combined. The second set of hearings had a total of three people combined. | There were no public comments | n/a                                          |                     |

**Table 4 – Citizen Participation Outreach**

## Expected Resources

### AP-15 Expected Resources – 91.320(c)(1,2)

#### Introduction

Anticipated resources for the 2021 Annual Action Plan is projected to be \$29,006,000.00 million of HUD funding that will be disseminated through CDBG, ESG, HOME, HOPWA and NHTF programs to help meet the following goals:

1. Grow the number of affordable housing units
2. Increase the number of affordable housing units for special needs population
3. Provide rapid-rehousing to reduce the number of people experiencing homelessness
4. Foster healthy competition among sustainable and other designated communities to meet goals set in the plan



**Anticipated Resources**

| Program | Source of Funds  | Uses of Funds                                                                                                  | Expected Amount Available Year 1 |                    |                          |            | Expected Amount Available Remainder of ConPlan \$ | Narrative Description                                                                                                                                                                                                                  |
|---------|------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------|--------------------------|------------|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                  |                                                                                                                | Annual Allocation: \$            | Program Income: \$ | Prior Year Resources: \$ | Total: \$  |                                                   |                                                                                                                                                                                                                                        |
| CDBG    | public - federal | Acquisition<br>Admin and Planning<br>Economic Development<br>Housing<br>Public Improvements<br>Public Services | 8,100,713                        | 500,000            | 3,600,000                | 12,200,713 | 28,000,000                                        | Expected amounts available remainder of plan were adjusted to reflect additional funds available for Year 2. Actual awarded amount of program income and prior year resources are provided each year in the annual performance report. |

| Program | Source of Funds  | Uses of Funds                                                                                                                                                       | Expected Amount Available Year 1 |                    |                          |            | Expected Amount Available Remainder of ConPlan \$ | Narrative Description                                                                                                                            |
|---------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------|--------------------------|------------|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                  |                                                                                                                                                                     | Annual Allocation: \$            | Program Income: \$ | Prior Year Resources: \$ | Total: \$  |                                                   |                                                                                                                                                  |
| HOME    | public - federal | Acquisition<br>Homebuyer assistance<br>Homeowner rehab<br>Multifamily rental new construction<br>Multifamily rental rehab<br>New construction for ownership<br>TBRA | 6,464,617                        | 3,600,820          | 1,092,587                | 11,158,024 | 25,581,471                                        | Estimates are based on the FFY 21 allocation which is subject to change. Actual numbers are provided each year in the annual performance report. |

| Program | Source of Funds  | Uses of Funds                                                                                                                                           | Expected Amount Available Year 1 |                    |                          |           | Expected Amount Available Remainder of ConPlan \$ | Narrative Description                                                                                                                                                                      |
|---------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------|--------------------------|-----------|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                  |                                                                                                                                                         | Annual Allocation: \$            | Program Income: \$ | Prior Year Resources: \$ | Total: \$ |                                                   |                                                                                                                                                                                            |
| HOPWA   | public - federal | Permanent housing in facilities<br>Permanent housing placement<br>Short term or transitional housing facilities<br>STRMU<br>Supportive services<br>TBRA | 2,234,534                        | 0                  | 1,813,500                | 4,048,034 | 6,000,000                                         | HOPWA program is formula funded by HUD each year. Estimated allocations for 2020-2024 are based on flat-funded \$2.0M per year. TBRA, STRMU, PHP and Supportive Services (case management) |

| Program | Source of Funds  | Uses of Funds                                                                                                                                                                            | Expected Amount Available Year 1 |                    |                          |           | Expected Amount Available Remainder of ConPlan \$ | Narrative Description                                                                                |
|---------|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------|--------------------------|-----------|---------------------------------------------------|------------------------------------------------------------------------------------------------------|
|         |                  |                                                                                                                                                                                          | Annual Allocation: \$            | Program Income: \$ | Prior Year Resources: \$ | Total: \$ |                                                   |                                                                                                      |
| ESG     | public - federal | Conversion and rehab for transitional housing<br>Financial Assistance<br>Overnight shelter<br>Rapid re-housing (rental assistance)<br>Rental Assistance Services<br>Transitional housing | 1,169,121                        | 0                  | 0                        | 1,169,121 | 3,507,363                                         | Estimated allocations for 2020-2024 are based on flat funding for the remaining 4 years of the plan. |

| Program | Source of Funds  | Uses of Funds                                                                                                                                                  | Expected Amount Available Year 1 |                    |                          |            | Expected Amount Available Remainder of ConPlan \$ | Narrative Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------|--------------------------|------------|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                  |                                                                                                                                                                | Annual Allocation: \$            | Program Income: \$ | Prior Year Resources: \$ | Total: \$  |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| HTF     | public - federal | Acquisition<br>Admin and Planning<br>Homebuyer assistance<br>Multifamily rental new construction<br>Multifamily rental rehab<br>New construction for ownership | 9,975,009                        | 0                  | 4,420,359                | 14,395,368 | 17,681,436                                        | The HTF annual allocation will be used for the production, preservation, and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities. The HTF Program will serve ELI households. ELI households are defined as households with incomes at the greater of 30% of the applicable Area Median Income (AMI); or Households with incomes at or below the poverty line. Estimated allocations for 2020-2024 are based on flat funding for the remaining 4 years of the plan. |

| Program           | Source of Funds  | Uses of Funds                                                                                      | Expected Amount Available Year 1 |                    |                          |            | Expected Amount Available Remainder of ConPlan \$ | Narrative Description                                                                                                                                                                                                                                                                                                                                |
|-------------------|------------------|----------------------------------------------------------------------------------------------------|----------------------------------|--------------------|--------------------------|------------|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                   |                  |                                                                                                    | Annual Allocation: \$            | Program Income: \$ | Prior Year Resources: \$ | Total: \$  |                                                   |                                                                                                                                                                                                                                                                                                                                                      |
| Continuum of Care | public - federal | Supportive services<br>TBRA                                                                        | 4,516,215                        | 0                  | 0                        | 4,516,215  | 13,548,645                                        | The State receives HUD funding for 16 Continuum of Care Program projects across the State that provide permanent rental assistance and supportive services to chronically homeless households.                                                                                                                                                       |
| LIHTC             | public - federal | Acquisition<br>Housing<br>Multifamily<br>rental new<br>construction<br>Multifamily<br>rental rehab | 17,000,000                       | 0                  | 0                        | 17,000,000 | 68,000,000                                        | The Federal Low Income Housing Tax Credit Program finances the new construction or the acquisition and rehabilitation of existing housing to provide affordable rental housing to low-income families and individuals. The amount of funding the State receives is based on its population. Funding is awarded to developers on a competitive basis. |

| Program     | Source of Funds  | Uses of Funds                                                                                                                  | Expected Amount Available Year 1 |                    |                          |           | Expected Amount Available Remainder of ConPlan \$ | Narrative Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------|------------------|--------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------|--------------------------|-----------|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|             |                  |                                                                                                                                | Annual Allocation: \$            | Program Income: \$ | Prior Year Resources: \$ | Total: \$ |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Section 811 | public - federal | Acquisition Housing Multifamily rental new construction Multifamily rental rehab Permanent housing placement Rental Assistance | 5,580,000                        | 0                  | 0                        | 5,580,000 | 22,320,000                                        | DHCD has received three competitive demonstration grants from HUD under the Section 811 program. This funding is used to provide affordable rental housing for disabled persons. The funding noted above will actually be spent out over the next five years. It is unclear whether HUD will provide competitive 811 funding in future years, if so, the State expects to apply for it. The funding represents five (5) years of rental assistance and the template anticipates annual renewal funding with the initial demonstration is complete. |

| Program | Source of Funds  | Uses of Funds                                                                      | Expected Amount Available Year 1 |                    |                          |            | Expected Amount Available Remainder of ConPlan \$ | Narrative Description                                                                                                                                                                                                                                                  |
|---------|------------------|------------------------------------------------------------------------------------|----------------------------------|--------------------|--------------------------|------------|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                  |                                                                                    | Annual Allocation: \$            | Program Income: \$ | Prior Year Resources: \$ | Total: \$  |                                                   |                                                                                                                                                                                                                                                                        |
| Other   | public - federal | Admin and Planning Public Improvements                                             | 5,000,000                        | 0                  | 0                        | 5,000,000  | 750,000                                           | The State received CDBG Disaster Grant for several disaster events in November 2013. There are several activities that are in final phases and one that is about to begin. Additional information on the grant and funded activities can be found on the DHCD website. |
| Other   | public - federal | Financial Assistance Housing Public Services Rental Assistance Supportive services | 16,976,325                       | 0                  | 0                        | 16,976,325 | 47,000,000                                        | CSBG provides funding to Community Action Agencies across the State for anti-poverty programs. Many CAAs provide direct homeless services and operate/develop affordable housing.                                                                                      |



| Program | Source of Funds  | Uses of Funds                                                            | Expected Amount Available Year 1 |                    |                          |           | Expected Amount Available Remainder of ConPlan \$ | Narrative Description                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------|------------------|--------------------------------------------------------------------------|----------------------------------|--------------------|--------------------------|-----------|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|         |                  |                                                                          | Annual Allocation: \$            | Program Income: \$ | Prior Year Resources: \$ | Total: \$ |                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Other   | public - federal | Multifamily rental new construction<br>Multifamily rental rehab<br>Other | 3,000,000                        | 0                  | 0                        | 3,000,000 | 12,000,000                                        | The HTF annual allocation will be used for the production, preservation, and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities. The HTF Program will serve ELI households. ELI households are defined as households with incomes at the greater of 30% of the applicable Area Median Income (AMI); or Households with incomes at or below the poverty line. |

Table 5 - Expected Resources – Priority Table

**Explain how federal funds will leverage those additional resources (private, state, and local funds), including a description of how matching requirements will be satisfied**

The federal funds DHCD receives through the Annual Action Plan are actually only a small part of the resources the Department has available to provide housing and community development efforts. As noted in the above table, DHCD allocates Federal LIHTC for the State of Maryland. These funds are awarded jointly and competitively with HOME funds through a uniform application process that also includes significant funding from the State. In addition, DHCD receives substantial funding from the State for Community Revitalization efforts as well. All told, DHCD typically receives about \$100 million per year in State funding to carry out housing and community development efforts.

In addition to these funds, DHCD is also the State's Housing Finance Agency, allocating bond funds for both rental housing and homeownership efforts. This often exceeds \$300 million per year, or about \$1.5 billion over the life of the Con Plan. The State is also a Public Housing Authority, operating the Section 8 Housing Choice Voucher Program, as well as serving as a Section 8 Contract Administrator for HUD. In the former capacity, DHCD operates "regular", mainstream, VASH, NEDS, and other Voucher programs to assist persons with disabilities, youth, homeless veterans, and others obtain affordable housing.

Matching funds required for programs such as HOME, CDBG and ESG come from the State. The HOME matching requirement is met through the Rental Allowance Program, which provides short term rental assistance to persons who are at risk of homelessness or homeless. ESG funding is matched with State Homelessness Solutions Program funds. The State will match the two-percent administrative allowance with State general funds.

**If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan**

Maryland DHCD does not own public land or properties with the state that may be used to address needs identified in the plan.

**Discussion**

## Annual Goals and Objectives

### AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

#### Goals Summary Information

| Sort Order | Goal Name                          | Start Year | End Year | Category                                                                                                | Geographic Area | Needs Addressed                                                       | Funding                                                    | Goal Outcome Indicator                                                                                        |
|------------|------------------------------------|------------|----------|---------------------------------------------------------------------------------------------------------|-----------------|-----------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| 1          | Increase Affordable Rental Housing | 2021       | 2022     | Affordable Housing<br>Homeless<br>Non-Homeless<br>Special Needs<br>Non-Housing<br>Community Development |                 | Housing - New Construction<br>Housing - Rehabilitation - Multi Family | CDBG: \$1,500,000<br>HOME: \$16,047,314<br>CDBG-DR #2: \$0 | Rental units constructed: 12 Household Housing Unit<br>Rental units rehabilitated: 157 Household Housing Unit |

| Sort Order | Goal Name                | Start Year | End Year | Category                                                                                                | Geographic Area | Needs Addressed                                                                                                                                                                                                                    | Funding                                                                    | Goal Outcome Indicator                                                                                                                                                                                                                         |
|------------|--------------------------|------------|----------|---------------------------------------------------------------------------------------------------------|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3          | Community Revitalization | 2021       | 2022     | Affordable Housing<br>Homeless<br>Non-Homeless<br>Special Needs<br>Non-Housing<br>Community Development |                 | Blight Removal<br>Public<br>Infrastructure -<br>Water and Sewer<br>Public<br>Infrastructure -<br>Streets and<br>Drainage<br>Public<br>Infrastructure -<br>Sidewalks and<br>Curbs<br>Housing -<br>Rehabilitation -<br>Single Family | CDBG:<br>\$6,700,713<br>HOME:<br>\$5,939,842<br>CDBG-DR #2:<br>\$5,000,000 | Public Facility or Infrastructure<br>Activities other than<br>Low/Moderate Income Housing<br>Benefit: 45215 Persons Assisted<br>Homeowner Housing<br>Rehabilitated: 14 Household<br>Housing Unit                                               |
| 5          | Promote Homeownership    | 2021       | 2022     | Affordable Housing                                                                                      |                 | Housing - New<br>Construction<br>Housing -<br>Rehabilitation -<br>Multi Family<br>Housing - Direct<br>Homeownership<br>Assistance                                                                                                  | CDBG:<br>\$3,000,000<br>HOME:<br>\$580,549                                 | Public service activities for<br>Low/Moderate Income Housing<br>Benefit: 250 Households Assisted<br>Homeowner Housing<br>Rehabilitated: 5 Household<br>Housing Unit<br>Direct Financial Assistance to<br>Homebuyers: 20 Households<br>Assisted |

| Sort Order | Goal Name           | Start Year | End Year | Category | Geographic Area | Needs Addressed                                                     | Funding                                                              | Goal Outcome Indicator                                                                                                                                                                                                                                                            |
|------------|---------------------|------------|----------|----------|-----------------|---------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6          | Reduce Homelessness | 2021       | 2022     | Homeless |                 | Rapid Re-Housing<br>Emergency Shelter<br>Homelessness<br>Prevention | CDBG:<br>\$1,000,000<br>HOPWA:<br>\$1,661,647<br>ESG:<br>\$1,169,224 | Tenant-based rental assistance /<br>Rapid Rehousing: 900 Households<br>Assisted<br>Homeless Person Overnight<br>Shelter: 2300 Persons Assisted<br>Overnight/Emergency<br>Shelter/Transitional Housing Beds<br>added: 50 Beds<br>Homelessness Prevention: 2300<br>Persons Assisted |

Table 6 – Goals Summary

### Goal Descriptions

|   |                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | <b>Goal Name</b>        | Increase Affordable Rental Housing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|   | <b>Goal Description</b> | <p>7/1/2021 – 6/30/2022 – HOME anticipates funding 6 multi-family rental housing projects with 44 HOME units approximately 32 rehabilitation and 12 new construction and one additional single group home unit.</p> <p>7/1/2021 - 6/30/2022 - CDBG anticipates funding construction of 50 new units of multi-family rental housing units and renovation of 50 new units of multi-family rental housing units.</p> <p>7/1/2020 - 6/30/2021 - HOPWA does not anticipate funding any rental housing projects.</p> <p>7/1/2021 - 6/30/2022 - HTF anticipates funding <u>75</u> units annually.</p> |

|          |                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3</b> | <b>Goal Name</b>        | Community Revitalization                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|          | <b>Goal Description</b> | 7/1/2021 – 6/30/2022 – HOME planning on funding 14 single family homeowner rehabilitation/reconstruction loans<br>7/1/2021 - 6/30/2022 - CDBG anticipates spending the majority of funding on community revitalization projects including rehabilitation of owner-occupied housing, removal of architectural barriers, construction or improvement of infrastructure, construction or improvement of public facilities and blight removal.                                                          |
| <b>5</b> | <b>Goal Name</b>        | Promote Homeownership                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|          | <b>Goal Description</b> | 7/1/2021 – 6/30/2022 – HOME anticipates the possible addition of 2 CHDOs who may produce units for acquisition/rehab/resale and HOME would provide closing cost assistance for the new homeowners<br><br>7/1/2021 - 6/30/2022 - CDBG anticipates funding 12 new housing units; acquisition, renovation and resale of 3 housing units; infrastructure assistance in support of 7 housing units to be constructed; housing counseling to 22 homebuyers; and down payment assistance to 30 households. |

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| 6 | <b>Goal Name</b>        | Reduce Homelessness                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|   | <b>Goal Description</b> | <p>7/1/2021- 6/30/2022 - CDBG anticipates funding the construction or renovation of a shelter and providing public services to 100 persons</p> <p>7/1/2021- 6/30/2022 - ESG anticipates assisting annually:</p> <ul style="list-style-type: none"> <li>• Homeless Persons Overnight Shelter - 2300 persons per year</li> <li>• Tenant-based rental assistance / Rapid Rehousing - 900 households per year</li> <li>• Homelessness Prevention - 2300 persons per year</li> <li>• Overnight/Emergency Shelter/Transitional Housing Beds added - 50 per year</li> </ul> <p>7/1/2021 – 6/30/2022 – The HOME Program has been allocated \$ 23,971.559 to be used for households that are or are at risk of experiencing homelessness.</p> <p>7/1/2021- 6/30/2022- HOPWA anticipates assisting annually:</p> <ul style="list-style-type: none"> <li>• Tenant-based rental assistance – 146 households</li> </ul> |



## AP-25 Allocation Priorities – 91.320(d)

### Introduction:

The State award funds through an application process based on the method of distribution provided for each program. Programs estimate the amounts they will fund for the identified goals and priorities in the plan. At the end of each program year, the State prepares a report identifying the actual use of the funds.

### Funding Allocation Priorities

|                                               | Increase<br>Affordable<br>Rental Housing<br>(%) | Community<br>Revitalization<br>(%) | Promote<br>Homeownership<br>(%) | Reduce<br>Homelessness<br>(%) | Total<br>(%) |
|-----------------------------------------------|-------------------------------------------------|------------------------------------|---------------------------------|-------------------------------|--------------|
| CDBG                                          | 12                                              | 55                                 | 25                              | 8                             | 100          |
| HOME                                          | 71                                              | 26                                 | 3                               | 0                             | 100          |
| HOPWA                                         | 0                                               | 0                                  | 0                               | 100                           | 100          |
| ESG                                           | 0                                               | 0                                  | 0                               | 100                           | 100          |
| HTF                                           | 100                                             | 0                                  | 0                               | 0                             | 100          |
| Continuum of<br>Care                          | 0                                               | 0                                  | 0                               | 100                           | 100          |
| LIHTC                                         | 100                                             | 0                                  | 0                               | 0                             | 100          |
| Section 811                                   | 100                                             | 0                                  | 0                               | 0                             | 100          |
| Other CDBG-DR<br>#2                           | 0                                               | 100                                | 0                               | 0                             | 100          |
| Other<br>Community<br>Services Block<br>Grant | 0                                               | 0                                  | 0                               | 0                             | 0            |
| Other Housing<br>Trust Fund                   | 0                                               | 0                                  | 0                               | 0                             | 0            |

Table 7 – Funding Allocation Priorities

### Reason for Allocation Priorities

The Method of Distribution will directly impact priority needs and will assist with accomplishing the goals and objectives established in the Consolidated Plan. CDBG, HOME, ESG, HOPWA and HTF programs for FY 2021 are designed to address the three priority needs -- Decent Housing, Suitable Living Environment, and Economic Opportunity. Allocation priorities are based on expected funding and program evaluation of relative need among the related objectives identified in the Plan. HOME funding will be made available for short term rental assistance and tenant-based rental assistance (TBRA). TBRA will be available for special needs and non-special needs households. HOME will also provide short term rental assistance in the form of security deposits. HTF fund will address rental development through

rehabilitation and/or new construction rental projects. HOPWA allocates funding for TBRA, Facility-based Supportive Housing, STMURU, PHP, and Supportive Housing. Each of these are successful in preventing homelessness of persons with HIV. There are no allocation priorities for CDBG. The percentages are based on anticipated awards. The CDBG program accepts applications for all eligible activities. The communities submit applications for their priorities.

**How will the proposed distribution of funds address the priority needs and specific objectives described in the Consolidated Plan?**

See reason for allocation priorities.

## AP-30 Methods of Distribution – 91.320(d)&(k)

### Introduction:

The CDBG, ESG, HOME, HTF and HOPWA programs included in the Consolidated Plan all distribute funds in a different way. The methods of distribution can be found in this section and in the downloaded version of the Plan as the information exceeds the maximum amount of allowable space in this section. No method of distribution is provided for CDBG DR #1 and #2 grants as these funds were awarded to specific projects under previous Action Plans and Action Plan Amendments. Further information as to these funds can be found on the DHCD website.

### Distribution Methods

**Table 8 - Distribution Methods by State Program**

|          |                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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| <b>1</b> | <b>State Program Name:</b>                                                                                                  | CDBG                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|          | <b>Funding Sources:</b>                                                                                                     | CDBG                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|          | <b>Describe the state program addressed by the Method of Distribution.</b>                                                  | The Maryland Community Development Block Grant Program (CDBG) assists county and municipal governments with activities directed toward neighborhood revitalization, housing opportunities, economic development and improved public facilities and services. Congress initiated the program in Title I of the Housing and Community Development Act of 1974 and provides funds to the State for non-entitlement areas. Non-entitlement areas are non-urban counties with populations less than 200,000 (minus entitlement cities) and municipalities of less than 50,000 in population. |
|          | <b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b> | Please see below in the discussion area to answer to this question.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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| <p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>                                                                      | <p>Please see below in the discussion area to answer to this question.</p> |
| <p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p> | <p>Not applicable to CDBG</p>                                              |
| <p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>                                                                                | <p>Not applicable to CDBG</p>                                              |

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|                 | <p><b>Describe how resources will be allocated among funding categories.</b></p>                | <p>Please see below in the discussion area to answer to this question.</p> |
|                 | <p><b>Describe threshold factors and grant size limits.</b></p>                                 | <p>Please see below in the discussion area to answer to this question.</p> |
|                 | <p><b>What are the outcome measures expected as a result of the method of distribution?</b></p> | <p>Please see below in the discussion area to answer to this question.</p> |
| <p><b>2</b></p> | <p><b>State Program Name:</b></p>                                                               | <p>ESG</p>                                                                 |
|                 | <p><b>Funding Sources:</b></p>                                                                  | <p>ESG</p>                                                                 |

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| <p><b>Describe the state program addressed by the Method of Distribution.</b></p>                                                                                                           | <p>ESG is designed for the rehabilitation or conversion of buildings for use as emergency shelter for the homeless, for the payment of certain expenses related to operating emergency shelters, for essential services related to emergency shelters and street outreach for the homeless, and for homelessness prevention and rapid re-housing assistance. Funds support households who are currently or imminent risk of homelessness to meet their immediate shelter and safety needs and transition into stable permanent housing.</p>                                                                                                                                                                                                                                                                                                                                                                                             |
| <p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>                                                          | <p>DHCD requires each Continuum of Care to submit an application annually describing their jurisdiction's plan for addressing homelessness, applicant organizational capacity, community coordination efforts, local needs, implementation of best practices such as Housing First, implementation of their Coordinated Entry System, how they will address and eliminate fair housing impediments, and what projects they will undertake with ESG funding. The application includes demonstrating progress on DHCD and HUD project and system performance outcomes in addition to maintaining compliance with program regulations and HMIS data entry. DHCD scores applications competitively based on these factors, and CoCs with the highest scores are awarded additional funding. Due to COVID-19, 2021 ESG funds will be awarded non-competitively due to additional ESG-CV funds being available to each Continuum of Care.</p> |
| <p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p> | <p>Not applicable to ESG</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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| <p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p> | <p>Eligible grantees for ESG funds are Continuums of Care, primarily those operating in non-entitlement ESG jurisdictions. Continuums of Care then subgrant those funds to nonprofit organizations in their geographic area, including those that are faith-based. Most Continuum of Care lead agencies are local government agencies.</p>                                                                                                                                                                              |
| <p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>                                                                                | <p>Not applicable to ESG</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p><b>Describe how resources will be allocated among funding categories.</b></p>                                                                                                                                                                                 | <p>Anticipated allocations by eligible activity for 2020-2024 are:</p> <ul style="list-style-type: none"> <li>• Street Outreach - 5%</li> <li>• Emergency Shelter - 40%</li> <li>• Rapid Re-Housing - 35%</li> <li>• Homelessness Prevention - 20%</li> </ul> <p>DHCD uses matching State funds to provide administrative and HMIS funds to Continuums of Care. Note: Allocation among ESG funding categories may significantly change due to anticipated federal COVID19 relief available for specific activities.</p> |

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|   | <b>Describe threshold factors and grant size limits.</b>                                 | Not applicable - Funds are awarded to CoCs according to need based on annual PIT Count and HMIS data.                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|   | <b>What are the outcome measures expected as a result of the method of distribution?</b> | <ul style="list-style-type: none"> <li>• Reduced length of time people experience homelessness</li> <li>• Reduced rate of first-time homelessness</li> <li>• Increased placement of people experiencing homelessness into permanent housing</li> <li>• Reduced number of formerly homeless persons losing permanent housing and returning to the homeless system</li> </ul>                                                                                                                                                                            |
| 3 | <b>State Program Name:</b>                                                               | HOME                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|   | <b>Funding Sources:</b>                                                                  | HOME                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|   | <b>Describe the state program addressed by the Method of Distribution.</b>               | <p>HOME funds will be used to increase the number of housing units for very low-income individuals and households. HOME funds will be targeted for the lowest income households as follows:</p> <p>For rental housing projects, HOME funds will be targeted to serve households at or below 80 percent of the area median household income, adjusted for household size, and determined annually by HUD.</p> <p>The additional HOME funds provided through the American Rescue Plan will be used to address homelessness per HUD issued guidelines</p> |



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| <p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>                                                          | <p>Please see the downloaded version of the plan for more information.</p> <p>Single family projects for rehabilitation/reconstruction assistance through the HOME Program are awarded on a first come first serve basis. Applications for rehabilitation/reconstruction assistance are available on our website.</p> <p>Single Family rehabilitation/reconstruction loans, acquisition/rehab/resale loans and loans for Homeownership assistance will be targeted to households at or below 80percent of the area median household income, adjusted for household size and determined annually by HUD.</p> |
| <p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p> | <p>Not applicable to HOME.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

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| <p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p> | <p>Not applicable to HOME.</p>                                             |
| <p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>                                                                                | <p>Not applicable to HOME</p>                                              |
| <p><b>Describe how resources will be allocated among funding categories.</b></p>                                                                                                                                                                                 | <p>Please see below in the discussion area to answer to this question.</p> |

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|                 | <p><b>Describe threshold factors and grant size limits.</b></p>                                 | <p>Please see below in the discussion area to answer to this question.</p>                                                                                                                                                                                                                                                                                                                                     |
|                 | <p><b>What are the outcome measures expected as a result of the method of distribution?</b></p> | <p>Please see below in the discussion area to answer to this question.</p>                                                                                                                                                                                                                                                                                                                                     |
| <p><b>4</b></p> | <p><b>State Program Name:</b></p>                                                               | <p>HOPWA</p>                                                                                                                                                                                                                                                                                                                                                                                                   |
|                 | <p><b>Funding Sources:</b></p>                                                                  | <p>HOPWA</p>                                                                                                                                                                                                                                                                                                                                                                                                   |
|                 | <p><b>Describe the state program addressed by the Method of Distribution.</b></p>               | <p>The Housing Opportunities for Persons with AIDS (HOPWA) was established to provide housing assistance and related supportive services for low-income persons living with HIV/AIDS and their families. The HOPWA funds are appropriated annually through the U.S. Department of Housing and Urban Development (HUD) by formula to eligible states that meet the minimum number of cumulative AIDS cases.</p> |

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| <p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p>                                                          | <p>The awarding of HOPWA funds is based on the number of households with people living with HIV/AIDS. This is in addition to the location, availability, and access of services. Agencies are awarded funds based upon their demonstrated capacity to achieve program goals. Program outcomes include: (1) providing the supports necessary to achieve affordable, safe housing for low-income persons living with HIV/AIDS, (2) enhancing housing stability and support retention in HIV care, and (3) assisting participants to find and then maintain stable housing (supportive housing case management). HOPWA funds are used to help individuals living with HIV/AIDS avoid homelessness, therefore, special consideration is given to those agencies who have experience providing various services to PLWHA and demonstrated effective use of funds.</p> |
| <p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p> | <p>Not applicable to HOPWA</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

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| <p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p> | <p>Not applicable to HOPWA</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>                                                                                | <p>Project Sponsors are currently government agencies with programs that target services to people living with HIV/AIDS (PLWHA). In the future, MDH will conduct an RFA to include faith-based and other community-based organizations. Current, and future, project sponsors must demonstrate the ability to manage a HOPWA program and all applicable State and Federal policies and procedures including compliance with Federal and State non-discrimination laws. Additionally, to be awarded funds, sponsors must have established internal controls and fiscal accounting procedures along with the demonstrated ability to coordinate client services with other services providers and leverage, where possible, other resources toward meeting overall client needs and program goals. Lastly, Program Sponsors must demonstrate the ability to meet all reporting and record-keeping requirements including maintaining the confidentiality of client records.</p> |

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| <p><b>Describe how resources will be allocated among funding categories.</b></p>                | <p><b><u>HOPWA</u></b></p> <p>Anticipated allocations by eligible activity for 2021 are:</p> <ul style="list-style-type: none"> <li>• Tenant-Based Rental Assistance (TBRA) - 65%</li> <li>• Short-Term Rent Mortgage Utility Assistance (STRMU) - 9%</li> <li>• Permanent Housing Placement Assistance (PHP) - &lt;1%</li> <li>• Housing Case Management- 9%</li> <li>• Other Support Services - 9%</li> <li>• Transportation - &lt;1%</li> </ul> |
| <p><b>Describe threshold factors and grant size limits.</b></p>                                 | <p>There are no limits or threshold factors in the awarding of HOPWA funds.</p>                                                                                                                                                                                                                                                                                                                                                                    |
| <p><b>What are the outcome measures expected as a result of the method of distribution?</b></p> | <p>(1) to provide the supports necessary to achieve affordable, safe housing for low-income persons living with HIV/AIDS;</p> <p>(2) enhance housing stability and support retention in HIV care; and</p> <p>(3) to assist participants to find and then maintain stable housing (supportive housing case management).</p>                                                                                                                         |
| <p>5</p>                                                                                        | <p><b>State Program Name:</b> HTF</p>                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                                                                                 | <p><b>Funding Sources:</b> HTF</p>                                                                                                                                                                                                                                                                                                                                                                                                                 |

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| <p><b>Describe the state program addressed by the Method of Distribution.</b></p>                                                  | <p>The HTF Program priority will be to increase the supply of decent, safe and sanitary affordable housing for ELI households, including homeless families. HTF funds may be used for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities.</p> <p>In its method of distribution, Ninety percent (90%) of the HTF annual allocation will be used for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities. The Department will retain ten percent (10%) of the HTF annual allocation for allowable administrative and planning expenses.</p> <p>The HTF program requires the Department to commit funds within 24 months of HUD’s execution of the HTF grant Agreement.</p> <p>See link for additional information on the 2021 HTF Plan<br/>- <a href="https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx">https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx</a></p>                                                                                                                                                                                                                                                                                                                                                                                    |
| <p><b>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</b></p> | <p>HTF projects will be selected by the Department for funding consideration, subject to availability of funds. Applications will be reviewed for eligibility and evaluated using the Threshold Criteria set forth below. HTF funds will be awarded to eligible projects through a non-competitive, first-ready first-served basis and will be used to complement and in conjunction with on-going Department housing programs to leverage other project funding, make projects financially feasible and increase the number of ELI households served in state-funded projects. HTF funds may be used in projects utilizing RHFP, LIHTC, MBP, Shelter and Transitional Housing Grant Program (STHGP) and any other programs administered by the Department. HTF may also be used with projects receiving non-Department housing program funds such as other state, federal, local/public, or private sources. HTF may not be used with any funding sources that cannot be combined with HTF (e.g., Public Housing per 24 CFR §93.203). HTF funds may be requested by a Sponsor as part of a project application or Department staff may, in consultation with a sponsor, propose the use of HTF funds during project review and underwriting. Successful recipients will receive a Notice of Award, which will state the Department’s intent to award HTF funds.</p> <p>See link for additional information on the 2021 HTF Plan<br/>- <a href="https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx">https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx</a></p> |

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| <p><b>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</b></p>                                                                      | <p>Not applicable to HTF</p> |
| <p><b>Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government, and non-profit organizations, including community and faith-based organizations. (ESG only)</b></p> | <p>Not applicable to HTF</p> |
| <p><b>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</b></p>                                                                                | <p>Not applicable to HTF</p> |



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| <p><b>Describe how resources will be allocated among funding categories.</b></p> | <p>HTF projects will be selected by the Department for funding consideration, subject to availability of funds. Applications will be reviewed for eligibility and evaluated using the Threshold Criteria set forth below. HTF funds will be awarded to eligible projects through a non-competitive, first-ready first-served basis and will be used to complement and in conjunction with on-going Department housing programs to leverage other project funding, make projects financially feasible and increase the number of ELI households served in state-funded projects. HTF funds may be used in projects utilizing RHFP, LIHTC, MBP, Shelter and Transitional Housing Grant Program (STHGP) and any other programs administered by the Department. HTF may also be used with projects receiving non-Department housing program funds such as other state, federal, local/public, or private sources. HTF may not be used with any funding sources that cannot be combined with HTF (e.g., Public Housing per 24 CFR §93.203). HTF funds may be requested by a Sponsor as part of a project application or Department staff may, in consultation with a sponsor, propose the use of HTF funds during project review and underwriting. Successful recipients will receive a Notice of Award, which will state the Department’s intent to award HTF funds.</p> <p>See link for additional information on the 2021 HTF Plan<br/> - <a href="https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx">https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx</a></p> |
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| <p><b>Describe threshold factors and grant size limits.</b></p> | <p>HTF funds may only be used for the following eligible costs:<br/> Development hard costs;<br/> Acquisition costs;<br/> Related soft costs;<br/> Relocation costs; and<br/> Operating/rental assistance, but no more than one-third of the state’s annual HTF allocation and may be used for operating cost assistance and/or an operating cost assistance reserve but must be fully utilized within 5 years of the award. Such assistance can be subsequently renewed, as long as it’s within the 30-year affordability period. It is anticipated that such assistance would be very limited and in the form of grants.</p> <p>Operating cost assistance and/or an operating cost assistance reserve may be provided only to rental housing acquired, rehabilitated, reconstructed, or newly constructed with HTF funds. [Section 200(a)(1)].</p> <p>Eligible use of HTF for operating cost assistance and operating cost assistance reserve in accordance with Section 201(e).</p> <ul style="list-style-type: none"> <li>• Operating costs are costs for insurance, utilities, real property taxes, and maintenance and scheduled payments to a reserve for replacement of major systems (provided that the payments must be based on the useful life of each major system and expected replacement cost) of an HTF-assisted unit.</li> <li>• The eligible amount of HTF funds per unit for operating cost assistance is determined based on the deficit remaining after the monthly rent payment for the HTF-assisted unit is applied to the HTF-assisted unit’s share of monthly operating costs.</li> <li>• The maximum amount of the operating cost assistance to be provided to an HTF-assisted rental project must be based on the underwriting of the project and must be specified in a written agreement between the grantee and the recipient. The written agreement may commit, from a fiscal year HTF grant, funds for operating cost assistance for a multiyear period provided that the grantee is able meet its expenditure deadline in 93.400(d).</li> <li>• The grantee may renew operating cost assistance with future fiscal year HTF grants during the affordability period [Section 302(d)(1) establishes a 30-year minimum affordability period] and the amount must be based on the need for the operating cost assistance at the time the assistance is renewed.</li> </ul> |
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|  |  | <p>The Department will require that all applications for HTF funds must contain a description of the eligible activities to be conducted with the HTF funds.</p> <p>HTF projects must also comply with Site and Neighborhood Standards requirements as established in the HTF interim rule published by HUD (Exhibit A). The Site and Neighborhood Standards at § 93.150 apply to new construction of rental projects receiving HTF funds.</p> <p>All rehabilitation projects must meet the applicable HTF rehabilitation standards and the requirements of 24 CFR §93.301(b).</p> <p>The Department will not use HTF funds for refinancing of existing debt.</p> <p>See link for additional information on the 2020 HTF Plan - <a href="https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx">https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx</a></p> |
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| <p><b>What are the outcome measures expected as a result of the method of distribution?</b></p> | <p>The Department has determined that a broader set of priorities is necessary to ensure the availability of important resources to all areas and populations in the State. The</p> <p>The following outcomes are expected from allocated funding priorities to provide:</p> <ol style="list-style-type: none"> <li>1. Family Housing in Communities of Opportunity</li> <li>2. Housing in Community Revitalization and Investment Areas</li> <li>3. Integrated Permanent Supportive Housing Opportunities</li> <li>4. Preservation of Existing Affordable Housing</li> <li>5. Elderly Housing in Rural Areas of the State Outside Communities of Opportunity</li> <li>6. Housing for the Homeless</li> </ol> <p>It is the Department’s intent to ensure that Maryland’s affordable housing development resources, including HTF funding, are fairly deployed in a manner that best serves Maryland residents; including families, seniors, and persons with disabilities or special needs, and the continuing demand for quality, affordable rental housing across the State.</p> <p>Funds available through the HTF Program will be targeted to provide permanent rental housing to extremely low income (ELI) households. The need for permanent rental housing for ELI households in Maryland is significant, with the latest estimates indicating that there are over 180,000 households in the State with incomes at or below 30% AMI, and 86% of these households pay in excess of 50% of their income for housing. Additionally, ELI households in Maryland have a high occurrence of disabilities and other special needs.</p> <p>The HTF Program priority will be to increase the supply of decent, safe and sanitary affordable housing for ELI households, including homeless families. HTF funds may be used for the production, preservation, and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities.</p> <p>See link for additional information on the 2021 HTF Plan - <a href="https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx">https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx</a></p> |
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## Discussion:

### **EXHIBIT 1: CDBG Methods of Distribution**

The State of Maryland has assumed the responsibility for the administration of the program from the U.S. Department of Housing and Urban Development (HUD) and is the responsible entity for ensuring that the program is managed in compliance with regulations and requirements of CDBG and HUD. The Maryland CDBG program is administered by the Department of Housing and Community Development (DHCD). HUD provides the State with “maximum feasible deference” to create additional policies, be more restrictive than HUD in policies and interpretation of regulations, and to determine how funds will be distributed. Additionally, the State may choose not to fund certain types of projects though they are eligible.

The State provides CDBG funds primarily as gap funding for projects selected by jurisdictions to meet their needs. The funds will be awarded through two categories - Community Development and Special Projects. DHCD will award funds for projects from the Community Development category through an annual competition. DHCD will award funds for projects from the Special Projects category on a “first come, first serve” basis. Additionally, DHCD will award funds under a pilot home ownership program.

The primary objectives of the Maryland CDBG program are to provide decent housing and necessary supporting infrastructure; to preserve and develop viable communities through the expansion of economic opportunities; and, to meet the critical needs of Maryland's communities. The Maryland CDBG program provides public funds for activities that meet at least one of the following national objectives as required by Title I of the Housing and Community Development Act of 1974, as amended (HCD Act):

- gives maximum feasible priority to activities that will benefit low and moderate (LMI) persons and households;
- aids in the prevention or elimination of slums or blight; or
- meets community needs that are of an urgent nature or an immediate threat to community health and welfare.
- Additional Maryland CDBG program objectives include:
  - revitalizing older neighborhoods and established communities;
  - leveraging CDBG funds with other public assistance programs and private resources;
  - directing growth to existing population centers;
  - providing essential public services to low and moderate income persons;
  - encouraging collaboration with state, federal and local programs focused on community development, economic development and planning efforts;
  - supporting initiatives that preserve affordable homeownership;
  - supporting capital and non-capital investments that support the homeless; and
  - supporting initiatives and activities that benefit those serving or who have served in the U.S. armed forces.

The federal CDBG program regulations can be found in Title 24 of the Code of Federal Regulations Part 570 (24 CFR Part 570).

**STATE FISCAL YEAR 2022/ FEDERAL FISCAL YEAR 2021 ALLOCATION**

The State of Maryland will receive \$8,100,713 for SFY 2022/FFY 2021. The award will be divided into the following categories:

| <b>STATE OF MARYLAND CDBG ALLOCATION – FFY 2021</b> |                    |
|-----------------------------------------------------|--------------------|
| State Administration (2% + \$100,000)               | \$262,014          |
| Technical Assistance (1%)                           | \$81,007           |
| Community Development (82% - \$100,000)             | \$6,542,585        |
| Special Projects (15%)                              | \$1,215,107        |
| <b>TOTAL</b>                                        | <b>\$8,100,713</b> |

The State will match the 2% administrative allowance with State general funds as required. The 1% Technical Assistance funds will be used to pay for program administrative costs related to providing technical assistance to grantees and potential CDBG recipients. The State may also use 3% of program income returned during the program year for administration and technical assistance. In the annual Performance Report, the State will calculate the amount used and determine the State’s required match.

**OTHER AVAILABLE FUNDING**

Due to issues with HUD’s Integrated Disbursement and Information System and the change to their accounting practices, the State has additional funding available for SFY2022/ FFY2021. The available \$2.6 million will be used to fund a pilot home ownership program.

Throughout the year, any funds from the previous year not awarded or other funds that become available will be awarded to projects as needed under Special Projects or the next competitive funding round. This includes funds received due to monitoring findings, recaptures or the return of program income. In SFY 2022/FFY2021, the State will also use approximately \$500,000 of program income received from the Neighborhood Stabilization Program that can be used for the CDBG Program as needed.

All funds awarded SFY 2022/FFY 2021 will be included in the annual Performance Report.

## **NATIONAL OBJECTIVE AND ELIGIBLE ACTIVITIES**

Title I of the Housing and Community Development Act of 1974 requires that any project funded with Community Development Block Grant funds must meet a national objective and the activities must be eligible. There are three national objectives: 1) benefit to persons of low and moderate income (LMI); 2) prevention or elimination of slum and blight; or 3) meet an urgent need that is an immediate threat to community health, safety or welfare.

### **NATIONAL OBJECTIVE**

***Benefit to LMI Persons Thru Area Benefit Activities*** – For projects that benefit an entire town/city or a primarily residential service area, neighborhood or street that has an LMI population that is 51% or greater. LMI information is provided by HUD using American Community Survey data for towns and cities. Communities must undertake surveys using methodology provided by the State to determine the LMI population of a specific project area. Examples of projects include: construction of new water or sewer service, installation of sidewalks, construction of flood and drainage improvements, and construction or renovation of a community center.

***Benefit to LMI Persons Thru Limited Clientele Activities*** – For projects that benefit LMI persons that are “presumed” to be LMI or are qualified based on data about family size and income. Examples of projects include: construction of senior centers, renovation of Head Start centers, ADA improvements to public buildings or streets, construction or renovation of housing for disabled adults, and operating costs for a new homeless shelter.

***Benefit to LMI Persons Thru Housing Activities*** – For projects that benefit an LMI household that is qualified based on data about household size and income. Examples of projects include: construction of new rental housing, renovation and resale of housing units, single family housing rehabilitation, household connections to new water or sewer services, and down payment assistance for LMI homebuyers.

***Benefit to LMI Persons Thru Job Creation Activities*** – For projects that result in the creation of new jobs and at least 51% of the created jobs are taken by LMI persons. Examples of projects include: construction of infrastructure to support a new business, extension of rail service to an industrial park, building improvements, and acquisition of manufacturing equipment.

***Benefit to LMI Persons Thru Job Retention Activities*** – For projects that result in the retention of jobs and at least 51% of the retained jobs are held by LMI persons. Use of this objective requires evidence that permanent jobs would be lost without CDBG assistance. Examples of projects include: construction or extension of utilities, building construction, construction or improvements of public infrastructure, and acquisition of a building.

***Prevention or Elimination of Slum and Blight on A Spot Basis***

***Prevention or Elimination of Slum and Blight on An Area Basis***

**Meeting an Urgent Need** – For projects that pose a serious and immediate threat to the health and welfare of a community, are of recent origin, and other funding sources are not available.

Applicants seeking funds for projects that would meet the national objective of meeting an urgent need must contact CDBG program staff to determine if their proposed project qualifies. If it is determined that it qualifies, the application would be considered for funding under the Special Projects category. Supplemental pages would be provided for an applicant to complete regarding urgent need projects.

## **ELIGIBLE ACTIVITIES**

Activities assisted under the State CDBG program may include the following as defined more specifically in Section 105(a) of Title I of the Housing and Community Development Act of 1974 (“HCD Act of 1974”), 42 U.S.C. § 5305(a), as amended. More detailed information may be found in the HUD Guide to National Objectives and Eligible Activities (State and Small Cities Program) which is available on the HUD Exchange website or from program staff.

- A. Acquisition of real property.
- B. Acquisition, construction, reconstruction, or installation of public works facilities.
- C. Code enforcement in deteriorating areas.
- D. Clearance, demolition, removal, reconstruction, and rehabilitation of buildings and improvements.
- E. Removal of material and architectural barriers which restrict mobility and accessibility of elderly or handicapped persons.
- F. Provision of a new or quantifiable increase in a public service.
- G. Payment of the non-federal share required in connection with a federal grant in aid program undertaken as part of the program.
- H. Relocation payments for displaced individuals, families, businesses, organizations and farm operations.
- I. Planning.
- J. Payment of reasonable administrative costs.
- K. Assistance including loans and grants for activities carried out by public or private nonprofit entities, including:
  - 1. Acquisition of real property;
  - 2. Acquisition, construction, reconstruction, rehabilitation, or installation of:
    - a. public facilities (except for buildings for the general conduct of government), site improvements, and utilities;
    - b. commercial or industrial buildings or structures.
  - 3. Planning.
- L. Assistance to neighborhood based non-profit organizations, local development corporations, and nonprofit organizations serving the development needs of communities of non-entitlement areas or entities organized under Section 301(d) of the Small Business Investment Act of 1958, 15 U.S.C. § 681(d), to carry out a neighborhood revitalization or community economic development or energy conservation project.
- M. Activities necessary to the development of energy use strategies related to the recipient's development goals.



- N. Provision of assistance to private for-profit entities, when the assistance is appropriate to carry out an economic development (ED) project.
- O. Rehabilitation or development of housing assisted under former Section 17 of the United States Housing Act of 1937, 42 U.S.C. § 1437.
- P. Housing services such as housing counseling, energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of tenant based rental assistance.
- Q. Direct assistance to facilitate and expand homeownership among LMI persons.

Per federal regulations, the following activities are ineligible for funding: Improvements to buildings used for the general conduct of government such as city halls, county administration buildings, and police stations; political activities; furnishings; and operations, maintenance, or repair of public facilities and works. The exception is ADA improvements to public buildings that are used by the public.

While eligible for funding under CDBG, the State chooses not to fund the construction or renovation of the following projects: Fire Stations and related community spaces; Police Substations; or libraries. Additionally, the State chooses not to provide funding for General Administrative Costs of a grantee or for Indirect Costs which support any administrative costs for grantees or sub recipients. Applicants may request funding to administer the projects included in the request

## **ELIGIBILITY REQUIREMENTS**

To be eligible for CDBG funding, each application submitted for funding must meet the following eligibility requirements:

- The applicant is an eligible non-entitlement jurisdiction which is a municipal government with a population under 50,000 or a county government with a population of less than 200,000 (this count excludes HUD entitlement jurisdictions within the county);
- The proposed activities are eligible under Title I of the Housing and Community Development Act of 1974, as amended;
- The proposed project meets a national objective as required under 24 CFR Part 570;
- The proposed (if any) subrecipient or business is eligible;
- The project is located in a Priority Funding Area, except for public services; single family housing rehabilitation; acquisition, renovation and sale of existing houses; down payment assistance or where the Secretary of DHCD determines that the project is necessary to protect public health, to alleviate personal economic hardship in an emergency situation, to promote economically integrated housing, is consistent with an overall economic development strategy, or where an exception is necessary and has been granted through the Maryland Department of Planning exception process.

A municipal or county government may submit an application on behalf of a subrecipient or business *if they choose to do so*. It is recommended, but not required, that municipalities and counties develop written policies which outline their processes to determine if they would submit a CDBG application on behalf of another entity. The jurisdiction is expected to conduct a risk analysis to review and evaluate the financial and administrative capacity of the subrecipient or business to manage and complete a project.

This risk analysis should also include a determination that they will be able to support the operations of requested facility, housing, or services to be provided as required by the CDBG Program.

Eligible sub recipients include:

- Governmental agencies such as housing authorities or, in the case of a County, it could be a municipality;
- Non-profit organizations that are corporations, associations, agencies or faith-based organizations with non-profit status under IRS Section 501(c)(3);
- Community Based Development Organizations (CBDOs) that have been certified by the CDBG Program; and
- Community Housing Development Organizations (CHDOs) that have been certified by the State HOME Program with a geographic area of operation of no more than one neighborhood

Eligible non-profit organizations must have specific information in their organizational by-laws and mission statements that clearly state they primarily serve persons who are of low and moderate income and/or a specific population that is eligible for CDBG assistance.

CBDOs and CHDOs may partner with affordable housing organizations for construction of new housing or renovation of existing housing.

Eligible businesses include:

- For-profit corporations that are in “Good Standing” in the State of Maryland; and
- Non-profit organizations that are corporations, associations, agencies or faith-based organizations with non-profit status under the IRS Section 501(c)(3).

If funded, a grantee will be required to execute either a Subrecipient Agreement or a Jobs Agreement with the specific entity. These agreements bind them to the requirements and policies of the CDBG program and the grantee.

## **PROGRAM REGULATIONS, REQUIREMENTS AND POLICIES**

Grants must be implemented in compliance with the requirements found in the HCD Act of 1974, the CDBG program regulations found in 24 CFR 570, other federal regulations, and state policies and procedures. While most are not applicable until a project is funded and underway, some have to be considered when submitting an application for funding as they may impact cost, schedule, staffing, etc. The most notable are listed below:

**1. Acquisition - Uniform Relocation Act** – Grantees must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (49 CFR Part 24) when acquiring property and permanent easements that are required for a project, or when residents or businesses are displaced as a result of a project. Additional regulations regarding relocation of displaced persons or businesses are found in 24 CFR Part 42 and Section 104(d) of the HCD Act.

**2. Audits** – If a grantee spends more than \$750,000 of federal funds from any source during their fiscal year, they are required to have a Single Audit prepared in conformance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200).

**3. Conflict of Interest** - Grantees must comply with federal Code of Conduct or Conflict of Interest Standards found in 2 CFR Part 200 and 24 CFR Part 570.489 which includes having a written policy. Additionally, State of Maryland law requires local governments to adopt conflict of interest restrictions and financial disclosure requirements for local elected officials and candidates that are at least as stringent as the requirements for public officials contained in the Public Ethics Law. More information regarding the Local Government Ethics Law can be found at COMAR, Title 19A, Subtitle 04, Local Government Ethics Law. Note that those exempt from this requirement under the State of Maryland law must still comply with federal requirements.

**4. Environmental Review** – Grantees must comply with the National Environmental Policy Act of 1969 and other federal laws which are specified in 24 CFR Part 58. This review must be completed prior to the initiation of project activities regardless of the funding source. A project is defined as the sum of all elements or activities, not just those funded with CDBG. No activities are to begin until a Release of Funds has been issued by the CDBG Environmental Officer. Note construction restrictions below under New Construction.

**5. Fair Housing and Equal Opportunity** – Grantees must demonstrate their compliance with numerous federal laws, regulations, and Executive Orders as a recipient of a CDBG award and in their general conduct of operating a government. The most relevant regulations are related to non-discrimination when using HUD funding programs; non-discrimination and equal opportunity in housing; non-discrimination on the basis of race, color, religion, sex, national origin, handicap or familial status in programs and activities receiving or benefiting from federal assistance; and employment and contracting opportunities for lower income persons or minority businesses. The grant agreements issued for funded projects will identify all that apply and the specific requirements. Note that these requirements must be met by subrecipients and businesses too.

**6. Fair Housing and Equal Opportunity – Disadvantaged Businesses** – When procuring construction or services, grantees are to take affirmative steps to solicit bids from minority owned businesses (MBE) and women owned businesses (WBE).

**7. Fair Housing and Equal Opportunity – Section 3** – *The HUD Section 3 regulations have been revised.* Grantees must comply with Section 3 of the HCD Act of 1968. The new rule looks at the entire project and Section 3 applies if a project is funded with a minimum of \$200,000 of CDBG and other HUD funding. It applies to projects when the HUD funding is used for construction activities. To the greatest extent feasible, “Section 3 Business Concerns” and/or “Section 3 Workers” are to be hired. Grantees must report on total labor hours for the entire project, making the best effort to ensure that 25% of labor hours are provided by Section 3 workers. Additionally, a minimum of 5% of those hours are to be provided by Targeted Section 3 Workers.

Section 3 does not apply to single family housing rehabilitation programs unless the cost per house exceeds \$200,000 in federal HUD funding.

**8. Financial Management** - Grantees must comply with appropriate sections of 2 CFR Part 200, 24 CFR 570.489 and State regulations and requirements in the financial management of their federal grant. CDBG funds should only be spent on costs that are deemed as “reasonable and necessary.” The CDBG Program Financial and Procurement Manual will provide additional information.

**9. Generators** – If CDBG funds are used for acquisition, construction or renovation of multi-family rental housing developments or facilities owned by the government, such as senior centers, community centers or other multi-use buildings, then grantees or su recipients must install generators. The generator should have sufficient capacity to power, at a minimum, lighting in common areas.

**10. Housing - Broadband** – Per revisions to 24 CFR Part 570.482, the use of HUD funding for the construction or substantial rehabilitation of a building with more than 4 rental housing units requires the installation of broadband infrastructure to provide access to internet connections in individual housing units. It must meet the definition of “advanced telecommunications capability” determined by the Federal Communications Commission under Section 706 of the Telecommunications Act of 1996.

Substantial rehabilitation is defined as: 1) complete replacement of the electrical system or other work for which the pre-construction cost estimate is equal to or greater than 75% of the cost of replacing the entire system in the building undergoing rehabilitation; or 2) rehabilitation of the building undergoing rehabilitation where the pre-construction estimated cost of the rehabilitation is equal to or greater than 75% of the total estimated cost of replacing the housing after the rehabilitation has occurred. The replacement cost is for the building undergoing rehabilitation only.

Exceptions may be granted by the State if it is determined: 1) the location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible; 2) the cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or is an undue financial burden; or 3) the structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

**11. Housing – Fair Market Rents** - Per 24 CFR Part 570.483(b)(3), the rents charged for rental properties assisted with CDBG funding must be affordable. When funded, a grantee must adopt and make public its standards for determining “affordable rents.”

For projects assisted with other state and/or federal affordable housing funding, the contract rents for those units may not exceed the Fair Market Rents established annually for the county by HUD or the rent standards published by the state or federal funding agencies. The rents for these units must remain affordable for the defined term required by the other funding source or the term set forth below, whichever is greater.

For projects that do not include other state and/or federal affordable housing funding, the contract rents for those units may not exceed the Fair Market Rents established annually for the county by HUD. The rents for these units must remain affordable for the defined term set forth below.

The CDBG grantee shall enforce this requirement with a lien or other legal mechanism between themselves and the developer of the property, if applicable. The terms shall be no less than:

| FUNDING AMOUNT                                | LENGTH OF TERM                |
|-----------------------------------------------|-------------------------------|
| Up to \$400,000 in CDBG funds                 | 10 years after occupancy date |
| Between \$400,001 and \$600,000 in CDBG funds | 15 years after occupancy date |
| Above \$600,001 in CDBG funds                 | 20 years after occupancy date |

Rents may be increased on an annual basis at the time of lease renewal consistent with changes in the rent standard for the project, but in no case, will the project owner be required to reduce rents. Rents must be checked annually by the grantee.

**12. Housing – Homeownership Financial Assistance** - If CDBG funds are used to provide financial assistance (i.e. down payment and/or closing costs) to homebuyers, the grantee is required to place a lien on each property which receives assistance. The Grantee is required to use either the following terms or their own terms, whichever are stricter:

- Assistance up to \$10,000 will require a lien placed on the property for five (5) years;
- Assistance above \$10,001 will require a lien placed on the property for ten (10) years.

**13. Housing – Homeownership Requirements** – When using CDBG funds in conjunction with any homeownership activities: 1) no subprime mortgages are allowed for persons acquiring the houses; 2) no adjustable rate mortgages are allowed for persons acquiring the houses; 3) mortgages must be for a fixed rate for a minimum of 30 years; and 4) a minimum of 8 hours of housing counseling from a HUD approved housing counseling agency is required for persons acquiring the houses.

**14. Housing – Housing Rehabilitation Program Policy** – The CDBG Program has policies that must be followed when using funds for single family, owner occupied housing rehabilitation programs. In general, all housing must be improved and meet local livability code requirements or housing quality standards upon completion of improvements. Grantees are allowed to use funding for emergency repairs if this is an approved activity in their grant agreement. Upon approval of funding, local program policies must be submitted and approved to ensure that all current federal and state policies and requirements are included. Grantees may provide a maximum of \$30,000 as a grant per house. There is no maximum loan amount. Additional policies and specific information about lead-based paint will be provided to grantees. Note that these requirements do not apply for utility connections as part of a water/sewer project.

**15. Housing - Housing Rehabilitation Program Restriction** – The CDBG Program will only accept applications for housing rehabilitation programs from county governments. The exceptions to this restriction are active municipal programs with open or recent CDBG housing rehabilitation grants and in instances where a municipality is the applicant but the activities are to be administered by the county government.

**16. Housing – Loans** - If it is the intention of the applicants to use all or any portion of CDBG funding as a loan to a subrecipient and developer, the terms and requirements must be submitted with an application for funding and approved by the CDBG Program Office. As a reminder, any loan funds received by a grantee are considered Program Income and must be returned to the State or used for an approved re-use. The State reserves the right to cancel or alter approved Program Income Plans based on performance of a grantee, subrecipient and developer.

**17. Housing - New Construction** – The use of funds for the construction of new housing is prohibited under CDBG with the exception of following:

- New construction activities can be carried out by a Community Based Development Organization (CBDO) that has been certified by the CDBG Program. They can partner with an affordable housing development organization;
- New construction activities can be carried out by a Community Housing Development Organization (CHDO) that has been certified by the State HOME Program. They can partner with an affordable housing development organization;
- To support new housing construction, Grantees and non-profit subrecipients can acquire property and resell it to an affordable housing organization;
- To support new housing construction, Grantees may clear a site in preparation for housing; or
- To support new housing construction, Grantees can make public improvements on publicly-owned property or privately-owned land if operated by grantee and an easement is obtained.

Certifications for CBDO's and CHDO's must be completed and approved prior to the submission of an application. Interested organizations must contact the CDBG Program for further discussion and forms.

Grantees may construct housing of "last resort" for persons displaced as a result of a CDBG funded activity and no comparable replacement house is available.

**18. Housing - Rental Housing Restrictions** – When using CDBG funds for the development or renovation of rental housing, the use of CDBG funding is restricted to: 1) the acquisition of land in compliance with 49 CFR Part 24 and must be acquired after the CDBG funds are awarded; 2) construction activities that are competitively procured after the CDBG funds are awarded using the CDBG procurement policy; or 3) procurement of construction materials using the CDBG procurement policy.

**19. Insurance - Flood** – Flood insurance is required for all buildings (including housing) acquired, rehabilitated or renovated that are located in the floodplain. The grantee is required to ensure that subrecipients, businesses and homeowners maintain sufficient replacement insurance. Files must contain appropriate documentation. Insurance is to be maintained for the term of use, lien period, or loan term. This does not apply to recipients of funds for utility connections. Failure to enforce the flood insurance requirement will result in repayment of all CDBG funds used for that building.

**20. Insurance – Homeowner or Building** – Homeowner or building insurance is required for all buildings acquired, constructed or renovated with CDBG funds. The grantee is required to ensure that subrecipients, businesses and homeowners maintain sufficient replacement insurance.

Files must contain appropriate documentation. Insurance is to be maintained for the term of use, lien period, or loan term. This does not apply to recipients of funds for utility connections. Failure to enforce the insurance requirement will result in repayment of all CDBG funds used for that building.

**21. Labor - Davis Bacon and Related Acts** – Funded CDBG projects that result in construction contracts that exceed \$2,000 are subject to the federal Davis-Bacon Act, the Contract Work Hours and Safety Standards Act of 1962, and the Fair Labor Standards Act. This does not apply to the rehabilitation or renovation of residential structures designed for less than eight units when completed or for contracts impacting seven or less housing units.

**22. Labor – Force Account** - Grantees may use costs associated with Force Account labor, which is undertaken by employees of the jurisdiction, as leverage for a CDBG funded project. Costs must be documented using guidance and materials provided by the State.

**23. Lead Paint** – Grantees must comply with 24 CFR Part 35 and 40 CFR Part 745 when undertaking renovation, repair or painting activities that disturb painted surfaces in houses, buildings converted into housing, homeless shelters, and several other types of projects in buildings that were built before 1978. As of April 22, 2010, work performed as identified in the regulations must be completed by certified firms using certified renovators and workers trained in lead-safe work practices established by the Environmental Protection Agency.

**24. Maintenance Plans** – If CDBG funds are used for acquisition, construction or renovation of public facilities, multi-family rental housing developments or infrastructure projects, grantees must provide an acceptable maintenance plan to be approved prior to completion of construction or activity. The plan must outline steps to be taken to ensure that maintenance is a priority of the project constructed with federal funds. This would include inspection schedules and scope of work to be undertaken if there is a warranty, annual inspections and reports, documentation of maintenance actions, etc. Grantees must also identify how funding for short-term and long-term maintenance and replacement costs will be addressed.

**25. Manufacturing Equipment** – If CDBG funds are used for the acquisition of manufacturing equipment for an economic development project, the grantee must secure the equipment with a lien or other mechanism to ensure that it is not sold or removed by the business prior to the end of the retention period and closeout of the grant.

**26. New Construction – Prohibition** - In accordance with Executive Order 11988 and 24 CFR Part 55, the CDBG Program will not fund projects involving new construction in the following areas: special flood hazard areas, 100 year floodplains, regulatory floodways, and coastal high hazard areas.

Projects involving new construction that are located in 500 year floodplains and non-special flood hazard areas could be eligible depending on compliance with 24 CFR Part 55 and Part 58.

New construction activities related to replacement or improvements to existing infrastructure projects are allowed depending on compliance with 24 CFR Part 55 and Part 58.

**27. Preliminary Engineering** – If an applicant receives funding for preliminary engineering for infrastructure projects, they must comply with the U.S. Department of Agriculture’s preliminary

engineering requirements (PER) if they are planning on seeking construction funding from CDBG, USDA or the Maryland Department of the Environment.

**28. Procurement** - Grantees are to comply with requirements and processes as identified in the CDBG Program Financial and Procurement Manual for all procurement activities. The use of the same policy by all grantees ensures compliance with appropriate sections of 2 CFR Part 200, 24 CFR 570.489 and State regulations and requirements when purchasing materials, products or services with federal funds.

**29. Program Income** - Program Income is defined as gross income received by the grantee, subrecipient or business directly generated from the use of CDBG funds. The State chooses to classify all funds received as program income and does not recognize the \$35,000 limit identified in the regulations. Program Income includes, but is not limited to, the following:

- proceeds from the disposition by sale or long term lease of real property purchased or improved with CDBG funds;
- proceeds from the disposition of equipment purchased with CDBG funds;
- gross income from the use or rental of real or personal property acquired by the recipient or a subrecipient with CDBG funds, less the costs incidental to the generation of the income;
- gross income from the use or rental of real property owned by the recipient or a subrecipient that was constructed or improved with CDBG funds, less the costs incidental to the generation of the income;
- Principal and interest payments on loans made using CDBG funds;
- Proceeds from the sale of loans made with CDBG funds;
- Proceeds from the sale of obligations secured by loans made with CDBG funds;
- Interest earned on funds held in a revolving loan fund account;
- Interest earned on program income pending disposition of the income; or funds collected through special assessments made against properties owned and occupied by households not of LMI, where the assessments are used to recover all or part of the CDBG portion of a public improvement.

All Program Income funds must be returned to the State unless the grantee has an approved Program Income Re-Use Plan. The State may use 3% of any program income returned to the State during the program year for administration and technical assistance.

A Program Income Re-Use Plan, which includes a description of the proposed fund management method to manage the funds and the capacity of the grantee to comply with State and federal regulations, must be submitted as part of the application and approved by DHCD, depending on the category. The decision to permit retention of program income by the grantee will be made on a case-by-case basis. Program Income Re-Use Plans must be approved for each grant. If there is not an approved Program Income Re-Use Plan, program income is to be returned to the State upon receipt.

If a plan is approved, program income may be retained by the grantee provided the grantee pledges its general funds to reimburse the State for any financial liability related to negative findings by the State and/or HUD with regard to the re-use of income. Grantees must also ensure that:

- The program income is targeted for an eligible CDBG activity(s) that meets a national objective and for which DHCD has given approval;



- all applicable compliance requirements are met;
- reporting is accurate; and
- activities are completed in a timely manner.

Typically, program income is targeted for use for the “same activity” which is defined as an activity with the same purpose and the same location as the activity generating the program income. Grantees will be required to report on activities. Activities funded with program income are subject to the same reporting and monitoring requirements as other projects.

The State reserves the right to cancel or alter approved Program Income Re-Use Plans based on the performance of a grantee or subrecipient.

Any program income that is distributed by the State during the period beginning with the date HUD awards the annual grant to the State is considered to be covered by the current Consolidated Plan.

**30. Project Administration Costs** – All costs supporting project administration or project delivery costs must be documented. Timesheets must be maintained for all persons paid with CDBG funds. Timesheets must reflect actual hours worked on the project. Grantees will be required to document their paid and in-kind costs committed as leverage.

**31. Special Assessment/Recovery of Costs** – Grantees will not attempt to recover any capital costs of public improvements assisted in whole or part with CDBG funds by assessing any amount against properties owned and occupied by LMI persons. This includes any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if CDBG funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than with CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds if the State certifies that it lacks CDBG funds to cover the assessment.

**32. Term of Use - Buildings and Facilities** – Buildings and facilities acquired, constructed or renovated with CDBG funds must remain in the approved use for a specific period of time. For a grantee, the “term of use” shall be identified in the grant agreement. For a grant with a subrecipient or business, the grantee shall enforce this requirement with a lien or other legal mechanism between themselves and the subrecipient or business on the property. The term shall be in effect after the occupancy permit is issued. The terms shall be no less than:

| FUNDING AMOUNT                                | LENGTH OF TERM                |
|-----------------------------------------------|-------------------------------|
| Up to \$400,000 in CDBG funds                 | 10 years after occupancy date |
| Between \$400,001 and \$600,000 in CDBG funds | 15 years after occupancy date |

|                               |                               |
|-------------------------------|-------------------------------|
| Above \$600,001 in CDBG funds | 20 years after occupancy date |
|-------------------------------|-------------------------------|

If the term cannot be met, the grantee must contact the CDBG Program to discuss future actions and consequences. Options could include changing the use of the building to one that still meets a national objective or the return of funds based on regulatory requirements. All will be considered on a case-by-case basis.

During the CDBG Term of Use, the grantee shall not, and shall not allow any subrecipient or business to (a) create, incur, assume or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge, conditional sale or other title retention agreement, or lien of any kind on property or improvements (or any part thereof or income therefrom) acquired or constructed/renovated with CDBG funds; or (b) make, create, permit or consent to any conveyance, sale, assignment or transfer of the property or improvements (or any part thereof) acquired or constructed/renovated with CDBG funds.

**33. Water and Sewer Projects** – To meet the national objective for projects involving the construction or extension of water and sewer service, it is mandatory that all households and businesses (if an economic development project) in the service area are connected to the system. The national objective will not be met until all persons, households or businesses are receiving the intended benefit. In the event households refuse to connect, the grantee must document that the households are being charged the monthly cost for the benefit they choose not to use.

The physical connection of households to water and sewer systems is an eligible activity for qualifying LMI households under the national objective of benefit to LMI persons through housing activities. As such, the total household income must be considered and verified to determine the eligibility of the household. Liens are required to protect the benefit.

**NEW REQUIREMENTS AND POLICIES FOR SFY2022/FFY2021**

The following new requirement will be in effect for SFY 2022 funded grants.

**1. Housing Rehabilitation Restriction** – The use of CDBG funding for single family housing rehabilitation is only for houses constructed after 1978 unless there is documentation demonstrating the house is free of lead based paint. This documentation can include negative tests or certifications showing that lead based paint has been sufficiently treated and abated.

This restriction does not apply to renovation of multi-family housing or to water/sewer connections.

**APPLICATION SUBMISSION**

The following regulations, requirements and policies apply to submission of a CDBG application regardless of funding category.

**1. Citizen Participation Requirements** – Governments must comply with citizen participation requirements when seeking CDBG funding and implementing CDBG funded projects. The State requires a jurisdiction to adopt and maintain a written Citizen Participation Plan which outlines and describes their efforts in soliciting citizen input and responding to concerns and questions. A jurisdiction’s Citizen

Participation Plan is effective for a five year period. The plan must be current at the time of application. If it is not current or the applicant does not have one, the applicant must adopt and submit a new plan with their application.

**2. Public Hearing** - A jurisdiction is to conduct at least one public hearing prior to submission of an application for a CDBG project. Failure to conduct the hearing as required will result in the rejection of the application as it will not be in compliance with Citizens Participation requirements. Hearings must take place in conjunction with a regularly scheduled meeting of the elected public officials of the municipality or county that is submitting the application(s). At the hearing, the jurisdiction should discuss local community development, economic development and housing needs. While the hearing allows for a jurisdiction to seek input on proposed activities, it should allow for input from the community as to other needs that could be considered.

The public hearing notice must be published in a local newspaper at least five (5) days prior to the date of the hearing. Additionally, the jurisdiction should seek to notify the public with other means such as cable television, posted notices in public places, notices in other local publications, newsletters, government website, etc. The jurisdiction should encourage participation of potential or actual beneficiaries of a project and make accommodations for the disabled. Public hearings shall be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate. A copy of the meeting minutes and the hearing notice must be submitted with the application.

**3. Public Review of Application** – The public must have the opportunity to review and comment on a draft of the completed application before it is submitted to the State. In the public hearing notice, the applicant must provide the anticipated date the draft application(s) will be available for review as well as the location where it can be found. Failure to advertise and provide the review and comment period will result in rejection of the application during threshold review.

**4. Local Resolution** - The legislative body of the jurisdiction must pass a resolution authorizing submission of the application, the specific project(s) and the specific amount of funds being requested. The resolution must authorize the application in an amount equal to or greater than the amount requested in the application(s). The resolution must also acknowledge that the signatories understand that repayment of grant funds could be required if the application is funded and the project is not completed or does not meet a CDBG national objective.

If submitting more than one application, the resolution should identify the specific projects and the amount of each project. If the amount identified in a resolution is less than what is identified in the application, the CDBG staff will review the application to determine if it should be accepted, as only the amount authorized in the resolution can be considered. Applications with this issue will be reviewed on a case-by-case basis. Resolutions passed for previously submitted CDBG applications are not valid and will not be accepted. A copy of the resolution must accompany the application or the application will not be reviewed.

**5. Residential Anti-Displacement and Relocation Assistance Plan** – The State requires jurisdictions to adopt and maintain a written Residential Anti-Displacement and Relocation Assistance Plan. While a jurisdiction should make every effort to minimize the displacement of persons or businesses when using CDBG funds, this plan will describe what the jurisdiction will do in the event that it does occur.

Section 104(k) of the HCD Act of 1974, 42 U.S.C. § 5304(k), requires that reasonable relocation assistance be provided to persons displaced as a result of the use of CDBG assistance to acquire or substantially rehabilitate property. Section 104(d) of the HCD Act of 1974, as amended, 42 U.S.C. § 5304(d), requires one for one replacement of all low and moderate income dwelling units housing the same number of occupants as could have been housed in the units demolished or converted to another use as a result of CDBG assistance.

A jurisdiction's Residential Anti-Displacement and Relocation Assistance Plan is effective for a five year period. The plan must be current at the time of application. If it is not current or the applicant does not have one, the applicant must adopt and submit a new plan with their application. A specific plan will be required for approved grants with projects which will result in displacement.

**6. Submission By A County For Project in Municipality** - A county may submit applications on behalf of municipalities. In such instances, the municipality may not submit a separate application for the same project. The applicant assumes overall responsibility for ensuring that the entire project will be carried out in accordance with CDBG requirements. The applicant must enter into a legally binding cooperative agreement with the municipality.

**7. Program Income** - Any gross income that will be derived from the use of CDBG funds is Program Income. It is to be returned to the State unless the re-use of those funds is approved by the State. Applicants must submit a Program Income Re-Use Plan with their application requesting approval to retain funds at the local level for the same activities if they anticipate that their project will result in Program Income. Approved plans will be identified in the grant agreement for approved applications. A new Program Income Re-Use Plan must be submitted with each application. Jurisdictions wishing to retain income must be willing to pass a resolution to repay from general funds any costs that HUD or the State may disallow as a result of the retention and re-use of program income. Additional information will be provided in program policies and procedures.

Program income must be re-used in a timely manner. If a jurisdiction has a balance of program income at the time of the application, the State may require that it be used as part of the application if it is determined that funds are not being used in a timely manner.

**8. Debarment** - The applicant is required to complete Debarment Checks on subrecipients or businesses prior to submission of an application. The completed forms do not need to be included with the application unless there is a problem.

**9. Audit** – Applicants who have never submitted an application to the CDBG Program must provide a copy of their most recent annual financial report/audit and a copy of their most recent single audit, if one was required, with their application. One copy of each is sufficient.

**10. Mission and Bylaws** – Subrecipients included in an application must demonstrate that their organization primarily serves persons who are of low and moderate income and/or a specific population that is eligible for CDBG assistance. This should be clearly written in their mission statement and bylaws which should be submitted with the application.

**11. Limited English Proficiency** – Applicants are to demonstrate that they complied with their Limited English Proficiency Plan if they are an existing grantee or, if new applicant, they researched the available data to determine if any of their outreach efforts required information to be translated into other languages or if other outreach efforts were required. Specific documentation will be provided for applicants to use.

**12. Policy for New Funds for Previously Assisted Projects** - Over the years, DHCD funding through the Division of Neighborhood Revitalization has assisted with the construction and renovation of many building projects throughout the state. We have always encouraged the use of high quality materials and workmanship. While not mandated, we expected buildings to be maintained to ensure longevity. To that end, as costs increase and funds are limited, we reserve the right to not provide additional funds from the CDBG Program or the State Revitalization Programs (Community Legacy, Strategic Demolition, CORE, Baltimore Regional Neighborhoods Initiative) for previously assisted building projects. Specific documentation will be provided for applicants to use.

In the event this request is funded, maintenance agreements would be required as well as the establishment of maintenance funding accounts. This policy does not apply to the construction of additions or phases previously not funded.

**13. Clearinghouse Submission** - Applicants must comply with the Maryland Intergovernmental Review and Coordination Process (COMAR 14.24.04). Simultaneous with the submission of any application for CDBG funding, applicants must submit an electronic copy of a project profile to the Maryland State Clearinghouse. The profile must include a cover form; a summary briefly explaining the nature, purpose, scope and justification for the project; a map of the project location and geographic area to be served; a budget identifying all sources and uses of funds; and staffing for the project. It must be submitted by the government applicant, not the subrecipient or business. Comments from this review will be forwarded to the CDBG program.

**14. DHCD/Neighborhood Revitalization Project Portal Submission** – Applicants must use the Community Development and Services System which is an on-line application system. Once registered in the system, applicants must complete the “Application” section and upload CDBG Application Parts A-L, the Statement of Assurances and Certification, and the Resolution. No attachments are required. *Note that applicants must still mail in complete copies of the application.* (<https://projectportal.dhcd.state.md.us>)

#### **FUNDING CATEGORIES, RATING AND AWARDS**

For funding under the two categories, DHCD reserves the right to award less than the requested amount. Funding recommendations and approvals may result in a decrease to the size, scope and/or costs of the project. A planning grant may be awarded in lieu of requested project funding where further study is deemed necessary.

In addition to the rating and evaluation criteria; CDBG staff, Rating Committees, the Assistant Secretary for Neighborhood Revitalization or the Secretary of DHCD may consider other factors in making funding determinations, including:

- The State’s objectives and priorities;
- The availability of alternate or contributing funding sources for the total project or some of its components;
- A reasonable distribution of projects among eligible regions of the State;
- The ability to respond to a locality’s special needs;
- The degree of community commitment for the project;
- The previous CDBG investment in a community;
- The ability of applicant, sub recipient or business to borrow funds;
- The commitment and/or input from other funders;
- The cost per person based on the total project cost;
- The amount of CDBG or other DHCD funds awarded for other phases of a multi-phase project; and
- The availability of other resources and/or services in a community.

The State does not provide final scores to applicants but will provide general comments as to strengths and weaknesses.

### **COMMUNITY DEVELOPMENT CATEGORY**

Applications for community development projects are accepted annually on a competitive basis in the spring. The funding round is announced in advance of program opening, and applicants are given a minimum of 45 days to prepare their applications after the application workshop is held. Any funds not awarded in the competition will be added to the other categories. For the SFY 2022 competitive application round, the maximum amount an applicant may seek is \$800,000.

### **Application Submission Information**

One original and three copies are due by Friday, October 5, 2021 by 2:00 p.m. Those received after the designated date and time will be rejected. Applications are to be mailed or delivered to DHCD and submitted in the DHCD application portal..

Applications are evaluated in a three-step process: threshold review, project evaluation, and funding recommendations. At the completion of the threshold review, applicants will be notified by mail if their application(s) will be reviewed. Applications will be rejected if: 1) the application is not complete; 2) the public hearing process was not done correctly; 3) the draft of the application was not available for public review before submission; 4) the application is not received by the established due date; 5) the proposed project and/or activities do not meet the eligibility requirements; or 6) the applicant does not meet established performance thresholds.

### **Performance Thresholds**

There are performance thresholds related to previous CDBG grants that must be met by applicants. Applicants will be evaluated on their management of existing CDBG grants and must be in compliance with financial, reporting, monitoring, and performance requirements as established each year. This does not apply to CDBG COVID awards.

**1. Financial** - Due to the national crisis, the CDBG Program will be more flexible when reviewing the progress of grants funded in SFY 2019, 2020 and 2021. CDBG Project Managers will contact existing grantees prior to the application due date to discuss progress and issues. All other grants should have drawn 100% of funds unless they were amended.

**2. Reporting** – Applicants must be current with submission of any reports due to the program for existing grants.

**3. Monitoring** – Grantees that have grants with open monitoring issues will be reviewed on a case-by-case basis, taking into consideration the significance of the finding(s) or concern(s), the corrective action(s) taken by the grantee or sub recipient or business to resolve the issue(s), and the timeliness of the grantee in responding.

**4. Performance** – Grantees that have grants that have expended funds but have moved slowly or failed to perform in conformance with their project schedule will be required to submit additional information related to reasons for delays and poor performance as well as a new timeline. The State reserves the right to determine if the response is sufficient.

Additionally, grantees that have revolving loan funds (RLFs) and program income accounts that were capitalized with CDBG funds will be required to submit information regarding the current fund balance and the most recent activity. This applies to economic development RLFs as well as housing rehabilitation RLFs and program income accounts. Grantees may be required to submit additional information to explain large fund balances and lack of activity. In these instances, the State may take additional actions related to ensuring the grantee utilizes these funds.

**Project Evaluation**

All applications that meet the threshold criteria will be rated and ranked competitively by a review committee composed of Maryland CDBG Program staff and other departmental staff with participation from other government agencies when appropriate. Applicants will be given an opportunity to respond to questions in a timely manner.

Rating is based on a 150-point scale. Point ranges have been established for each criterion to gauge the extent to which the applicant meets the criterion. The following factors will be considered in determining the points assigned. A copy of the rating form may be obtained from the CDBG program staff.

| RANKING FACTOR                                                                                    | MAXIMUM POINTS   |
|---------------------------------------------------------------------------------------------------|------------------|
| <b>PUBLIC PURPOSE</b><br>- Consistency (10)<br>- Severity of Need (30)<br>- Community Support (5) | <b>45 Points</b> |

|                                                                                                                         |                  |
|-------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>PROJECT IMPACT</b><br>- Affordability (0) or (5)<br>- Impact on Need (10) or (5)<br>- Benefit to LMI Households (10) | <b>25 Points</b> |
| <b>PROJECT MANAGEMENT</b><br>- Readiness To Proceed (35)<br>- Accuracy of Costs (10)<br>- Capacity (10)                 | <b>55 Points</b> |
| <b>LOCAL COMMITMENT / LEVERAGING</b><br>- Local Commitment (10)<br>- Debt Service (5)<br>- Leveraging (10)              | <b>25 Points</b> |
| <b>BONUS POINTS</b>                                                                                                     | <b>15 Points</b> |

Applicants may receive up to 15 bonus points for meeting one or more of the following criteria if sufficiently discussed and/or documented within the application:

1. Project will use innovative materials or methods (2 Points);
2. Project activities include the acquisition and reuse of foreclosed properties (2 Points);
3. Project activities include the replacement of utilities in existing buildings with energy saving material (2 Points);
4. Project will use green or energy efficient building materials and practices for new construction or renovation (2 Points);
5. Project activities will eliminate impediments to fair housing in the community (2 Points);
6. Project activities will provide benefit to those serving or have served in the U.S. armed forces (2 Points); or
7. Project activities that benefit the homeless (3 Points).

**Public Purpose/Local Need (45 maximum points)**

Severity of Need (30 maximum points). Based on the information in the application, the degree of distress and examples provided will determine the number of points awarded. Distress factors considered include the quality and quantity of existing facilities, including the need for rehabilitation or replacement, condition description, age, adequacy or absence of facilities, services, housing etc. Up to twenty (20) points are awarded based on the documented need for new or additional services, new or improved facilities, new or improved infrastructure, or new or improved housing. Up to ten (10) points are awarded where existing physical health and safety conditions of buildings or infrastructure are documented. Please note that documentation in support of the need is the key to receipt of points.

Community Support and Involvement (5 maximum points). Points are awarded based on evidence and description of current community support and involvement in the project development and implementation. Letters of general support and participation may include local interest of neighborhood groups, local public or non-profit agencies and individuals that might directly benefit from



the project. Applicants should describe the outreach conducted related to the public hearing and the efforts to obtain input from the public and those that might benefit directly from the project(s) included in the application.

Consistency with Local Needs/Plans/Strategies (10 maximum points). Points are awarded based on the degree to which the project is specifically identified and is consistent with a locally developed revitalization strategy, capital improvements plan or comprehensive plan (up to 5 points). Relevant sections must be provided with the applications. Up to five (5) points may be awarded for proposed projects and activities that re-use existing buildings and infrastructure.

### **Project Impact (25 maximum points)**

Affordability (5 maximum points). Points are awarded based on the description and information provided to demonstrate that the services, facilities and housing will be affordable to beneficiaries. *This is only applicable for projects that require payment from beneficiaries.*

Impact on Need (10 maximum points). Points are awarded based on the extent to which the project will address the needs and alleviate the existing problems described by the applicant. *If the above referenced score under Affordability is applied, then only 5 maximum points may be awarded.*

Benefit to Low and Moderate Income (LMI) Households (15 maximum points). Maximum points will be awarded to projects where there is a direct benefit to LMI households/persons. 5 points will be awarded to projects where there is an area wide benefit to LMI persons. No points will be given for slum/blight projects where there is no benefit to LMI persons, or where benefit cannot be determined. If there is more than one national objective, maximum points will be given for the activity that benefits more people.

### **Project Management (55 maximum points)**

Readiness to Proceed (35 maximum points). Points may be awarded for the extent to which the project is ready to proceed and the implementation schedule is reasonable. The assessment is based on the relative progress of elements such as site control/easements, architectural design or preliminary or final engineering, commitment of other project financing or the development of rehabilitation guidelines. If the applicant is not able to document that other funds are committed, they will not receive any points under this section because the project is not ready to proceed. This category considers the project as a whole but will consider factors such as phases as long as each phase is able to meet a national objective.

An applicant may receive thirty-five (35) points based on the following factors:

1. Construction Projects: Applicant has completed design and/or engineering, has completed acquisition or will complete if applicable within 90 days (does not include easement acquisition), can bid project within 90 days, and is able to start construction within 120 days.
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 30% of properties to be rehabilitated, and can bid work in 60 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 30 days.

An applicant may receive twenty (20) points based on the following factors:

1. Construction Projects: Applicant has completed design and/or engineering, has completed acquisition or will complete if applicable within 120 days (does not include easement acquisition, can bid project within 120 days, and is able to start construction within 150 days.
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 15% of properties to be rehabilitated, and can bid work in 90 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 60 days.

An applicant may receive ten (10) points based on the following factors:

1. Construction Projects: Applicant will complete design and/or engineering within 90 days of the award, will complete acquisition if applicable, within 120 days, and will bid project within 120 days.
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 5% of properties to be rehabilitated, and can bid work in 120 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 75 days.

No points are awarded if the project is not ready to proceed based on the above criteria or if other funds are not committed.

Accuracy of Costs (10 maximum points). Maximum points may be awarded to projects which best document that project costs have been carefully estimated. Estimates should reflect the applicability and impact of Davis-Bacon wage rates, acquisition requirements, relocation or replacement housing requirements. Estimates should be current within six months. Preliminary professional studies, appraisals, tax assessments, wage rate determinations are some examples of acceptable documentation. No points will be awarded if documentation of costs is not submitted.

Administrative Capacity (10 maximum points). Points may be awarded for projects based on the past performance of the applicant or sub recipient with CDBG grants (5 points maximum). Reviewers will consider previous general grant management, financial management and compliance with meeting a national objective. The adequacy of staff to implement the proposed project based on information in Part G of the application will also be considered (5 points maximum).

### **Local Commitment and Leveraging (25 points maximum)**

Local Commitment (10 maximum points). The Department will consider the extent to which local funds will be contributed to the project. Maximum points (10) may be awarded to applicants whose local contribution exceeds 25% of the total project costs. Local contribution of 15%-24% of total project costs receives 8 points. Where there is some local contribution but less than 15% of the total project costs, 5 points are awarded. No points will be given where there is no local contribution. All funds must be documented.

Local funds include cash, debt service and any in-kind contributions which materially contribute to the project completion. In-kind contributions must be documented and may include the donation or long term lease of land or buildings, appropriation of local revenues, site improvements or installed infrastructure, deferral of real estate taxes, abatement or payment in lieu of taxes. The contribution may be provided by the local government or directly by the subrecipient or business. It is required for applications to include costs for administration of the grant.

Debt Service (5 points). Applications will receive 5 points if the funding sources include loans (including federal and state loans) borrowed specifically for the project that have been secured by the local government, subrecipient or business. Applicants shall provide executed copies of loan documents as evidence. This does not apply to forgivable loans or those that are deferred for an extended period of time.

Leveraging (10 maximum points). The Department will consider the extent to which local and CDBG funds are used to leverage other public and private funds (non-local). Points will be awarded based on the documented commitment of funds specifically identified to supplement CDBG funds. Maximum points (10) will be awarded for projects where 50% or more of the project costs are from sources other than local or CDBG. If less than 50% of the project costs are from sources other than CDBG and the locality, five (5) points are awarded. The application will receive no points for leveraging if other funding sources are available but are not sought or approved. Leveraged funds include other public or private grant funds and individual or corporate donations.

### **Funding Recommendations**

The highest rated applications are recommended for funding until the available funding for the round are exhausted or the next highest rated project requests more funds than are available and the project cannot be phased. In that case, the next highest scoring project may be funded. In case of a tie score, the application with the highest combined score on Public Purpose/Local Need and Project Management is funded first. The Maryland CDBG program has established a minimum point standard of 105 (70%). Applications that receive less than 70% of the total points are generally not recommended for funding. As noted at the beginning of this section, the State may consider other factors when making awards. In these cases, the other factors will be documented in the State's records.

The recommendations of the Rating Committee for both approval and rejection of applications are reviewed by the Assistant Secretary for Neighborhood Revitalization and presented to the Secretary of DHCD for final approval. Awards are expected to be announced within approximately 90 days of the application submission deadline.

### **SPECIAL PROJECTS CATEGORY**

Under the Special Projects Category, funds are set aside to fund special projects, planning activities and economic development projects. There are specific criteria and requirements required for each type of project. All applications will be considered on a "first-come, first-serve" basis once received and determined to be complete. Funds will not be "held" or "reserved" for applicants in the process of submitting an application or submitting materials to complete their application.

Grantees that have revolving loan funds (RLFs) and program income accounts that were capitalized with CDBG funds will be required to submit information regarding the current fund balance and the most recent activity. This applies to economic development RLFs as well as housing rehabilitation RLFs and program income accounts. Grantees may be required to submit additional information to explain large program income balances and lack of activity. In these instances, the State may take additional actions related to ensuring the grantee utilizes these funds.

Applicants must submit one original and two copies when applying for Special Projects funds. Applications are to be mailed or delivered to DHCD.

### **Special Projects**

Special Projects applications are those submitted after the annual competitive round has been completed. They are for projects that have become a high priority based on an opportunity or due to a critical or time sensitive need. Applicants must consult with CDBG Program staff and receive written approval to submit an application. Staff will consider whether the proposed project would meet a CDBG national objective, be eligible under the program, be able to be implemented in a timely manner, and if it meets one of the State's program objectives. Additionally, performance related to existing grants, if any, will be considered by staff in addition to CDBG eligibility requirements when making approvals. The maximum amount an applicant may seek is \$800,000.

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Applications will be rated using the same rating factors used for the Community Development category. The minimum point standard of 105 points applies to Special Projects applications.

The State may also use funds from this category to fund requests for additional funding for existing grants for a variety of reasons. If the request is due to a shortfall for a previously funded project, additional funds will only be considered if there are extenuating circumstances surrounding the shortfall. If the amount needed is greater than \$75,000, grantees must apply for funding through the next Community Development application round unless it is determined that timing is critical. Grantees must provide a written explanation of the reasons for the shortfall, including:

1. the reasons for the request for additional funds;
2. verifiable documentation of a significant increase in beneficiaries;
3. proof that all alternate funding sources have been exhausted; and
4. Documentation of any negative impact on the community if the project is not completed.

Within thirty days of the threshold review approval, a recommendation is made to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DCHD for final approval.

Applications using the National Objective of Urgent Need must be submitted under Special Projects. A different application will be provided to address how the project meets the national objective. All aspects of the application process will remain the same with the exception of the rating point system. Complete applications will be reviewed and considered based on the extent of the data provided and the impact on the community.

## Planning

Planning activities are eligible for CDBG funding. Applicants may seek up to \$50,000 for planning grants. A match is required but no more than 5% can be in-kind. Applicants must consult with CDBG Program staff and receive written approval to submit an application. Staff will consider whether the proposed project would meet a CDBG national objective, be eligible under the program, be able to be implemented in a timely manner, and if it meets one of the State's program objectives. Additionally, performance related to existing grants, if any, will be considered by staff in addition to CDBG eligibility requirements when making approvals.

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Applications will be rated using the same rating factors used for the Community Development category. The minimum point standard of 105 points applies to Planning applications.

Planning activities are traditional planning activities such as comprehensive plans, community development plans, downtown studies, and capital improvements plans. Additional planning activities include feasibility studies, preliminary engineering, preliminary design, and building condition studies. Projects are qualified based on national objective eligibility.

Within thirty days of the threshold review approval, a recommendation is made to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DHCD for final approval.

## Economic Development

Funding may be used for a variety of economic development activities which support local economic development initiatives either by direct public improvements to facilitate new business and/or industry or through direct assistance to businesses. Applicants must consult with CDBG Program staff and receive written approval to submit an application. Staff will consider whether the proposed project would meet a CDBG national objective, be eligible under the program, be able to be implemented in a timely manner, and if it meets one of the State's program objectives. Additionally, performance related to existing grants, if any, will be considered by staff in addition to CDBG eligibility requirements when making approvals. The maximum amount an applicant may seek is \$800,000.

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Applications will be reviewed and rated using factors described later in this section.

The State will accept funding for the following economic development projects:

**1. Job Creation** – If the applicant is seeking funds to assist an identified business in a project that results in job creation, 51% of all jobs created must be taken by LMI persons. All jobs must be permanent, full-time jobs. The job counting begins once the grant activities are completed. Additionally, the State may impose a retention period for the jobs once created.

The business must provide a written commitment to meet the CDBG job creation standard of creating a specific number of jobs of which 51% or more of them will be taken by persons of low and moderate income. This must be provided with the application. Other application submission materials are described below and within the application document.

**2. Job Retention** - If the applicant is seeking funds to assist an identified business with job retention, there must be clear and objective evidence that permanent, full-time jobs will be lost without the CDBG assistance. Applications must include:

- evidence that the business has issued a notice to affected employees or made a public announcement to that effect; or
- analysis of relevant financial records which clearly and convincingly shows that the business is likely to have to cut back employment in the near future without the planned intervention.

The business must provide a written commitment to meet the CDBG job retention standard of retaining 51% or more of an agreed upon number of employees that are of low and moderate income at the time of the CDBG assistance. This must be provided with the application. Other application submission materials are described below and within the application document.

Applicants must provide the following information on the business to be assisted. If more than one, please provide information for each.

1. Name of Business
2. Ownership of Business
3. Business Management
4. Company History including start-up date, type of operation, progress and number of employees to date
5. Current Location(s)
6. Product Line or Service
7. Discuss their market area(s) including geography, major customers and other characteristics
8. Certificate of Good Standing from the State of Maryland if an existing business.

For projects which provide CDBG assistance as a financing measure to profit making businesses, discuss the need for financial assistance. Attach three years of historical financial statements and personal financial statement for principal owner(s) and a five year pro-forma. Explain the basis for requesting assistance (e.g., gap financing). Additional financial information may be requested.

Applications will be reviewed and considered based on the following:

1. Costs – All costs must be reasonable and necessary.
2. Leverage – All applications must include the leveraging of other funds. Those applications providing 50% or more of other funds will be provided maximum consideration. In-kind services cannot exceed 10% of the total budget.
3. Readiness to Proceed – Maximum consideration will be given to: 1) applications for construction activities which are able to be bid within 90 days and to start construction within 120 days; or 2) applications for acquisition of land or relevant equipment to be acquired within 120 days.
4. Administrative Capacity - The staffing plan must be sufficient to administer the grant activities.

5. Past Performance - The past performance of the applicant with CDBG grants will be considered with respect to general grant management, financial management and compliance with meeting a national objective.
6. Outcomes – Maximum consideration will be given to those projects that create or retain a high number of jobs.
7. Cost Per Job – The cost per job must not exceed \$20,000. Maximum consideration will be given to those applications where the cost per job does not exceed \$10,000.

Projects may be subject to Public Benefit Standards and Underwriting Guidelines. It depends on the structure of the application.

There is a prohibition on the use of CDBG funds for job-pirating activities. Specifically, funds cannot be used as an incentive for a business to relocate to another community.

The following types of businesses are not eligible for assistance with CDBG funds: adult bookstores, video shops or other adult entertainment facilities, check cashing facilities, gambling facilities, gun shops, liquor stores, massage parlors, medical marijuana production or distribution businesses, pawn shops, tanning salons, or tattoo parlors. Additionally, assistance to a professional sports team or a privately-owned recreational facility that serves a predominantly higher-income clientele where the recreation benefit to be derived by users or members clearly outweighs the employment of or other benefits to low and moderate income persons is also prohibited. All businesses must be legal under the State and the federal governments.

Within thirty days of the threshold review approval, a recommendation is made to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DHCD for final approval.

## **HOME OWNERSHIP WORKS PILOT PROGRAM**

DHCD has developed *Home Ownership Works*. The goals of this pilot program are to revitalize older, historic neighborhoods with aging and deteriorated housing stock, low property values, and overall decline. Specifically, *Home Ownership Works* or *HOW* will result in the production of affordable home ownership units, rehabilitation of owner-occupied units, renovation and resale of housing units, facade improvements and other revitalization activities. Significant investment of public funds will create a stable environment which will attract future private investment by existing residents and others.

The program will focus on the following activities:

- New housing construction;
- Infrastructure improvements;
- Rehabilitation of owner-occupied housing;
- Renovation and resale of housing;
- Façade improvements;

- Mortgage and down payment assistance;
- Housing counseling;
- Blight removal; and
- Pro-bono legal services.

To initiate the pilot program, DHCD has selected two neighborhoods with the identified conditions, one in the City of Baltimore and one in the City of Cambridge. There will be several funding sources used to carry out the various activities. State CDBG funds will only be used in the non-entitlement city of Cambridge for eligible activities which meet the CDBG national objective of benefit to low and moderate income persons through housing activities.

The City of Cambridge is the county seat of Dorchester County. In 2017, the population was 12,484. The median household income was \$38,908 which was \$11,500 less than Dorchester County as a whole. The home ownership rate was 38%. Nearly half of the households were cost burdened with one out of every four households being severely cost burdened, paying more than 50% of their income on housing costs. Approximately one out of every five households had an annual income below \$15,000. Of the 6,486 housing units, one out of every five was vacant.

The Pine Street Neighborhood in Cambridge is a national register historic district which includes 397 houses. It encompasses approximately 100 acres adjacent to the downtown. The predominantly African American neighborhood has developed over the past 150 years and is mostly residential today. The district contains the largest number of “factory” housing on the eastern shore which were built for employees of the various businesses.

Information provided by the City of Cambridge show a neighborhood that has struggled to regain its former sense of self. The neighborhood is historically and culturally significant and was a place where music, religion and civil rights activism prospered. A large commercial district rivaled those in Baltimore. The loss of industry in the 1950’s led to the decline of businesses.

Prior to the COVID crisis, the median household income of the Pine Street neighborhood was \$12,894, almost \$25,000 less than other households in the city. Unemployment was 18.7% and 27.6% of neighborhood residents lived below the poverty line. The median age of residents was 60. The value of housing was approximately \$120,000 less than houses in adjacent neighborhoods. In the 1930’s, the neighborhood had a homeownership rate approaching 90%. Today, the majority of the houses are occupied by rental tenants.

In the past ten years, many efforts have taken place to determine issues, needs and to develop plans which will result in the revitalization of the downtown, various neighborhoods and the city as a whole. Two studies specifically assessed housing conditions and blight. In 2016 and 2017, the City undertook an in-depth assessment of Ward 3 which includes the Pine Street neighborhood. They surveyed 953 households and found that 146 houses were deemed as “at-risk” and 251 were already blighted. Of the 953, 76% of the houses were historic and between 88 and 107 years old. Goals of blight removal conflict with the demand to preserve the neighborhood.



Though valuable to the neighborhood's past, many of the houses in the Pine Street neighborhood have structural issues and other problems. Many of the historic houses are not fully on their foundations. Code enforcement is problematic as residents are unable to afford the required repairs. It is cost prohibitive to rehabilitate many of the properties.

Habitat for Humanity Choptank began working in Ward 3 in 2009 and had success with energy efficiency and weatherization activities, façade improvements and construction of new housing. Since 2018, the City, in partnership with Habitat and Dorchester County, has strategically focused on the Pine Street neighborhood. They have acquired properties, demolished blight and begun to invest in the neighborhood through new construction and housing rehabilitation. While there has been progress, significant activity in a shorter time period is what is needed to turn the neighborhood around.

With the support of City leaders, DHCD has selected the Pine Street neighborhood to be a part of the pilot program. A combination of federal and state funding will be used over the next two years. The City will find a new partner to construct new housing to sell to qualified low and moderate income households. They will continue to work with Habitat Choptank and support their efforts to construct new housing, renovate existing housing, complete façade improvements and rehabilitate owner occupied housing. Efforts will focus on the streets around Cornish Park. Complimentary activities have taken place or will take place over the next few years with other funds.

Specifically, the CDBG funding of \$2.6 million will be used to:

- Construct 12 new housing units;
- Acquire, renovate and sell 3 housing units;
- Provide infrastructure and acquire property in support of the construction of 7 new housing units; and
- Housing counseling for 22 homebuyers.

Additional activities will be undertaken with the use of CDBG Program Income that will be generated from housing sales.

Lessons learned from the pilot for Home Ownership Works Program will enable DHCD to create a permanent program to address the affordable housing crisis. The neighborhood will be analyzed for several years to determine the impact of the investment on the stability and improvement of the neighborhood.

## **ADDITIONAL PROGRAM POLICIES AND PROCEDURES**

**1. Funds Transfer** - A review of the balance of available funds from the previous fiscal year will occur prior to the award of grants through the annual Community Development competitive round. Available funds will be used prior to the use of 2022 grant funds. Funds not used for the Community

Development awards will be used as needed for the Special Projects category. Therefore, amounts funded in each category could exceed what is identified in the policy guide.

**2. Grant Periods** - Grants are awarded for a twenty four (24) month period, except planning grants, which are expected to be completed in twelve (12) months. The grant period is related to the expenditure of the grant funds only. No formal amendment is required for the additional time necessary for a grantee to satisfy a national objective or to satisfy corrective actions related to monitoring findings or matters of concern. Time extensions are granted only where circumstances are beyond the grantee's control.

**3. Grant Amendments** - Circumstances or conditions may develop during project implementation which could prompt the grantee to request, in writing, an amendment to the grant for reasons other than for additional funding (which was discussed under the Special Projects). Accordingly, grantees must obtain approval for amendments in the following instances:

- if the addition of a new, or deletion of an existing activity or project is proposed;
- if activities in an area other than the approved target or project area are proposed;
- if the scope of the existing project or activities will change (i.e., number of beneficiaries);
- if a budget revision is proposed resulting in a transfer between approved budget line items in excess of ten percent of the grant award;
- in other instances where DHCD determines an amendment to be appropriate, such as where technical changes in legal or administrative terms occur.

The request for a grant amendment shall provide sufficient information to explain and justify the proposed changes. The CDBG Program may determine that an amendment to a grant agreement requires additional actions. The grantees will be notified in writing if they have to complete any of the following requirements:

- additional citizen participation efforts;
- additional review by the State Clearinghouse; or
- additional environmental review.

The request for a grant amendment will be reviewed on the basis of eligibility and the evaluation criteria applicable at the time of the amendment request.

A time extension may be granted, generally for one year, when it is determined by the program that the grantee will not expend grant funds by the completion date established in the grant agreement. The time extension is processed by the program and is not subject to the requirements of project amendments listed above. The program reserves the right to determine the length of time for the amendment.

Note that if an applicant is awarded funds through the Community Development category for another phase of a project which benefits the same beneficiaries as an open grant, that open grant will be amended to include the new award and for time.

**4. Financial Penalty - ERR** – The Environmental Review and Request for Release of Funds must be submitted for approval by DHCD within 75 days of the grant award date. Failure to do so will result in a

2% financial penalty of the grant award. The penalty will be assessed initially from administrative funds awarded. If no administrative funds were awarded, then project funds will be recaptured. The exception shall be for projects with issues identified through screening letters where the CDBG Environmental Officer has been notified in writing. Further delay in completing the Environmental Review and obtaining a Release of Funds could result in the termination of the grant.

**5. Financial Penalty – Minimum Expenditure** - For each grant, the grantee must request payment of a minimum of 5% of grant funds within 180 days of the grant award date. Failure to do so will result in a 5% penalty of the grant award each month until funds are drawn. The penalty will be assessed initially from administrative funds awarded. If no administrative funds were awarded, then project funds will be recaptured. Exceptions to this policy will be considered on a case by case basis.

**6. Monitoring and Close Out of Grants** - Grants will be officially monitored by CDBG Program staff for compliance with federal and state regulations and requirements and to ensure that the national objective has been met. Some grant activities may be monitored by a specific compliance specialist or by their Project Manager at different stages of the implementation of the grant. All projects are considered “open” until they have been fully monitored and all issues are resolved. The State will issue a Close Out letter to the grantee when it has been formally closed. Grant files and records must be retained by the grantee for a five (5) year period after close out of the State’s grant by HUD.

**7. Recapture and Repayment of Funds** - Any funds recaptured through grant termination, repayment due to monitoring findings, or completion of an activity at a cost savings will be available for redistribution to eligible projects. DHCD may retain eligible amounts of repaid or recaptured funds for State administrative and technical assistance costs.

**8. Suspension of Method of Distribution for Presidential Disaster Declarations** - In the event of a Major Disaster Declaration by the President of the United States for a city, town, or county located in the State of Maryland, the Secretary of DHCD shall have the authority to waive the Method of Distribution or any other State policies for the CDBG program to address emergency needs of impacted communities. This will be done in consultation with HUD and the program will operate within the parameters of the law or laws addressing the CDBG program.

## **ELIGIBLE NON-ENTITLEMENT GOVERNMENTS**

Allegany County – Towns of Barton, Lonaconing, Luke, Midland, Westernport, the City of Frostburg and Allegany County

Anne Arundel County – Town of Highland Beach

Calvert County – Towns of Chesapeake Beach and North Beach and Calvert County

Caroline County – Towns of Denton, Federalsburg, Goldsboro, Greensboro, Henderson, Hillsboro, Marydel, Preston and Ridgely and Caroline County

Carroll County – Towns of Hampstead, Manchester, Mount Airy (part), New Windsor, Sykesville, Taneytown, Union Bridge and Westminster and Carroll County

Cecil County – Towns of Cecilton, Charlestown, Chesapeake City, Elkton, North East, Perryville and Port Deposit and Cecil County

Charles County – Towns of Indian Head, La Plata and Port Tobacco and Charles County

Dorchester County – Towns of Brookview, Church Creek, East New Market, Eldorado, Galestown, Hurlock, Secretary and Vienna, the City of Cambridge and Dorchester County

Frederick County – Towns of Brunswick, Burkittsville, Emmitsburg, Middletown, Mounty Airy (part), Myersville, New Market, Thurmont, Walkersville and Woodsboro, Village of Rosemont and Frederick County

Garrett County – Towns of Accident, Deer Park, Friendsville, Grantsville, Kitzmiller, Loch Lynn Heights, Mountain Lake Park and Oakland and Garrett County

Kent County – Towns of Betterton, Chestertown, Galena, Millington and Rock Hall and Kent County

Montgomery County – Towns of Barnesville, Chevy Chase View and Laytonsville and Chevy Chase Village, Chevy Chase Village (Section 3) and the Village of Martin's Additions

Queen Anne's County – Towns of Barclay, Centreville, Church Hill, Queen Anne (part), Queenstown, Sudlersville and Templeville and Queen Anne's County

St. Mary's County – Town of Leonardtown and St. Mary's County

Somerset County – Town of Princess Anne, City of Crisfield and Somerset County

Talbot County – Towns of Easton, Oxford, Queen Anne (part), St. Michaels and Trappe and Talbot County

Washington County – Towns of Boonsboro, Clear Spring, Funkstown, Hancock, Keedysville, Sharpsburg, Smithburg and Williamsport and Washington County

Wicomico County – Towns of Delmar, Fruitland, Hebron, Mardela Springs, Pittsville, Sharptown and Willards and Wicomico County

Worcester County – Towns of Berlin, Ocean City and Snow Hill, Pocomoke City and Worcester County

## **EXHIBIT 2: HOME Methods of Distribution**

The Maryland HOME Investment Partnerships Program (HOME) can be used for a variety of housing activities, according to local housing needs. Eligible uses of funds include tenant-based rental assistance; housing rehabilitation; assistance to homebuyers; and new construction of housing. HOME funding may also be used for site acquisition, site improvements, demolition, relocation, and other necessary and reasonable activities related to the development of non-luxury housing.

Funds may not be used for public housing development, public housing operating costs, or for Section 8 tenant-based assistance, nor may they be used to provide non-federal matching contributions for other federal programs, for operating subsidies for rental housing, or for activities under the Low-Income Housing Preservation Act.

All housing developed with HOME funds must serve low- and very low-income families. For rental housing, at least 90 percent of the families benefited must have incomes at or below 60 percent of the area median income; the remaining 10 percent of the families benefited must have incomes at or below 80 percent of area median income. Homeownership assistance must be to families with incomes at or below 80 percent of the area median income. Each year, HUD publishes the applicable HOME income limits by area, adjusted for family size.

HOME-assisted rental units must have rents that do not exceed the applicable HOME rent limits. Each year, HUD publishes the applicable HOME rent limits by area, adjusted for bedroom size. For projects with five or more HOME-assisted rental units, 20 percent of the units must be rented to very low-income families.

HOME-assisted homebuyer and rental housing must remain affordable for a long-term affordability period, determined by the amount of per-unit HOME assistance or the nature of the activity. HOME-assisted homebuyer housing is also subject to resale or recapture requirements.

The State of Maryland must provide a 25 percent match of their HOME funds. In addition to this a also set aside at least 15 percent of our allocations for housing to be owned, developed, or sponsored by community housing development organizations (CHDO).

The State of Maryland HOME funds will be used to increase the number of housing units for very low income individuals and households. HOME funds will be targeted for the lowest income households as follows:

For rental housing projects, HOME funds will be targeted to serve households at or below 80 percent of the area median household income, adjusted for household size, and determined annually by HUD.

Single Family rehabilitation/reconstruction loans, acquisition/rehab/resale loans and loans for Homeownership assistance will be targeted to households at or below 80percent of the area median household income, adjusted for household size and determined annually by HUD.

For homeownership projects, HOME funds will be targeted to serve households at or below 80 percent of the area median household income, adjusted for household size, and determined annually by HUD.

DHCD will use the HOME affordable homeownership sales price limits provided annually by HUD when determining the maximum mortgage/loan amount for projects.

Maryland HOME funds will generally be used for projects in conjunction with the existing housing programs of DHCD as well as for projects without other State financing. Through the HOME Special Reserve Fund, HOME funds will be used to fill a need not met by existing housing programs. HOME funds can also be used when an existing CDA program has encumbered the majority of all available funding.

**FEDERAL FISCAL YEAR 2021 / STATE FISCAL YEAR 2022 ALLOCATION**

The State will receive \$6,464,617.00, for FFY 2021 (SFY 2022). The award will be divided into the following categories:

| <b>STATE OF MARYLAND HOME ALLOCATION –FFY 2021 SFY 2022</b> |                       |
|-------------------------------------------------------------|-----------------------|
| Administrative Allowance                                    | \$ 646,461.70         |
| CHDO Operating Assistance                                   | \$ 100,000.00         |
| Multi-Family Projects                                       | \$ 4,218,155.30       |
| Single Family Projects                                      | \$1,500,000.00        |
| <b>TOTAL</b>                                                | <b>\$6,464,617.00</b> |

As noted above, in addition to the regular HOME allocation, DHCD expects to receive approximately \$3,600,820 million in HOME program income in the coming year. DHCD will continue to use the 10 percent of program income received for administrative costs as allowed under HUD regulations.

## Use of HOME Funds

HOME funds will be used for projects in conjunction with the existing housing programs of DHCD as well as for projects without other State financing. Through the HOME Special Reserve Fund, HOME funds will be used to fill a need not met by existing housing programs. HOME funds will also be used when an existing CDA program has encumbered the majority of all available funding

### 1. HOME Special Reserve Fund

The HOME Special Reserve Fund has replaced the HOME Initiative Program which was terminated in 2013. The Special Reserve Fund will be used for special projects or programs that further the mission of DHCD. DHCD will announce the availability of these funds and the funds will be allocated on a first-come, first-serve basis with priority given to Community Housing Development Organizations (CHDOs) that produce CHDO reserve eligible projects.

The HOME Special Reserve Fund will be used to finance programs, projects and activities that fill a need not met by other DHCD housing programs or for any other existing CDA program which has fully encumbered the majority or all of the available funds for that particular activity, but which promotes the development of affordable, safe and sustainable housing for homeowners, renters, and special populations.

Local governments, non-profit sponsors and developers may propose projects or programs for the use of these funds or DHCD may have projects and program concepts it may wish to test.

Special Reserve Fund applications will be reviewed and funds will be allocated on a first- come, first- serve basis, with awards recommended to the Director of the Community Development Administration and HFRC for approval (if the applications are part of a competitive round). Applications from Community Housing Development Organizations (CHDOs) and non-profit organizations as well as local governments applying in conjunction with non-profits will be given priority. Other rating criteria will be readiness to proceed, demonstrated ability, matching contributions, geographic distribution and performance and disbursements on prior HOME awards. DHCD may fund up to 5% of the award to be used for administrative costs.

## 2. Other DHCD Programs

FFY 2021 HOME funds in the amount of \$ 5,718,155.30 will be used in conjunction with on-going DHCD housing programs to fill gaps in funding, make projects feasible and increase the number of low income persons able to be served in State-funded projects.

HOME funds will be disbursed among DHCD program areas listed below:

Multifamily Housing Programs

Single Family Programs

The HOME funds will be allocated to these uses for up to eight months. After that time, unencumbered funds may be moved to any other HOME uses to meet additional demand for funds or for special projects.

### **A. Multifamily Housing Programs**

Rental housing projects will use HOME funds in conjunction with the Rental Housing Fund. HOME funds will be used in projects utilizing any combination of State funds, bond funds, or low income tax credits administered by DHCD or may be used with no other State funds. HOME funds may be requested by sponsors and/or local governments as part of the project application or DHCD staff may, in consultation with sponsors and local governments, propose the use of HOME funds during project evaluation. HOME and any other DHCD funds will be awarded to projects at the time of reservation of Rental Housing Funds.

HOME funds may be used as broadly and flexibly as is permitted by federal regulations to address the unique underwriting needs of each project and the number of very low-income tenants to be served. The ratio of HOME units to total units will generally be proportional to the ratio of HOME funds used in a project to total costs.

Multifamily Rental Housing Projects are solicited through an annual round of funding. When projects have met the requirements of the round HOME funds are requested to fill any funding gap.

### **B. Single Family Programs**

HOME funds will be used in conjunction with DHCD's forward reservation programs for home ownership projects as well as for home ownership projects such as the Maryland Mortgage Program (MMP). HOME funds may be used for "soft seconds" to reduce the cost of the home to the borrower, for land or for other development costs, and for construction financing. Just as with rental housing projects, project applications may include requests for HOME funds or DHCD staff may propose the use of HOME funds during underwriting.

HOME funds may also be used for the development of group home projects that assist income-eligible persons with special housing needs. The HOME funds may be used in conjunction with State funds, or bond-funded group homes made under the Special Housing Opportunity Program (SHOP). HOME funds will help ensure that group home projects, with their limited repayment ability, are made feasible.



In addition, HOME funds will be used in conjunction with the Single Family Programs' rehabilitation and special purpose programs. Although these programs; Maryland Housing Rehabilitation Program (MHRP), Indoor Plumbing Program (IPP). Accessible Home for Seniors Programs (AHSP) and Lead Paint Programs (LHRGLP) have flexible loan terms, there are still applicants who cannot be served due to underwriting requirements associated with those programs. In some cases, combining HOME with these programs could make assistance possible by providing more favorable financing terms than permitted by State-funded programs. HOME funds may be used for replacement house projects in cases where rehabilitation is not possible or cost effective. HOME may also be used as stand-alone funding when other sources are not available.

Community Housing Development Organizations (CHDO) may also use HOME funds for acquisition of a property for resale or rental in conjunction with these Special Programs i.e. HOME funds for acquisition and Special Program funding for rehabilitation.

The State of Maryland may use HOME funds for tenant based rental assistance on a limited basis, including using HOME funds for security deposit assistance and to help victims of disaster.

### 3. DHCD Administrative Fees and CHDO Operating Assistance

The balance of the HOME funds - will be allocated as follows:

- The amount set-aside for administrative expenses includes 10% of the FFY2021 regular HOME allocation and 10% of any program income received.
- Up to 5% of the HOME annual allocation may be set-aside for CHDO operating assistance. Under DHCD policy, operating assistance funds available to CHDOs in any fiscal year will be capped at \$50,000. This amount does not include funds for operating expenses and pass-through funds provided through intermediary organizations exclusive of the State of Maryland selected by HUD. All current State certified CHDO's will require recertification prior to any operating assistance being awarded.

#### Eligible Activities

- Housing Rehabilitation
- Homebuyer Assistance
- New Construction
- Acquisition/Rehab Resale
- Acquisition/Rehab/Rental
- Reconstruction
- Demolition
- Relocation
- Tenant-based rental assistance

## Eligibility Requirements

- Homeowners and tenants must meet the area median household income limits published annually by HUD. All household income will be considered for eligibility purposes.
- Homeownership Sales Value Limits may not exceed the values for the area as published annually by HUD.
- Rents for HOME units must adhere to the Fair Market Rents published by HUD annually.
- Rental projects must meet the subsidy limits published by HUD
- All projects must meet the occupancy requirements during the affordability period

## Application Process

- Single Family homeowner projects are submitted to the State directly or through one of our participating local agencies. These applications are reviewed on a first come first serve basis and must meet the eligibility requirements.
- Multifamily applications are submitted through an annual round of funding announced by our department. Application will be reviewed to ensure compliance with the threshold requirements.

## PROGRAM REGULATIONS, REQUIREMENTS AND POLICIES

### Submission of application

**1. Acquisition - Uniform Relocation Act** – Grantees must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (49 CFR Part 24) when acquiring property and permanent easements that are required for a project, or when residents or businesses are displaced as a result of a project. Additional regulations regarding relocation of displaced persons or businesses are found in 24 CFR Part 42 and Section 104(d) of the HCD Act.

**2 Environmental Review** – Grantees must comply with the National Environmental Policy Act of 1969 and other federal laws which are specified in 24 CFR Part 58. This review must be completed prior to the initiation of project activities regardless of the funding source. Where required no activities are to begin until a Release of Funds has been issued by HUD.

**3. Fair Housing and Equal Opportunity** – All agencies must comply with numerous federal laws, regulations, and Executive Orders The most relevant regulations are related to non-discrimination when using HUD funding programs; non-discrimination and equal opportunity in housing; non-discrimination on the basis of race, color, religion, sex, national origin, handicap or familial status in programs and activities receiving or benefiting from federal assistance; and employment and contracting opportunities for lower income persons or minority businesses.

**4 Fair Housing and Equal Opportunity – Disadvantaged Businesses** – When procuring construction or services, grantees are to take affirmative steps to solicit bids from minority owned businesses (MBE) and women owned businesses (WBE).

**5. Fair Housing and Equal Opportunity – Section 3** – When procuring construction or services when it is anticipated that the contracts will exceed \$200,000, grantees must comply with Section 3 of the HCD Act of 1968 which requires that employment and other economic opportunities be made available to low and very low income persons. Note that this regulation will soon undergo major revisions.

**6. Housing - Broadband** – Per revisions to 24 CFR Part 570.482, the use of HUD funding for the construction or substantial rehabilitation of a building with more than 4 rental housing units requires the installation of broadband infrastructure to provide access to internet connections in individual housing units. It must meet the definition of “advanced telecommunications capability” determined by the Federal Communications Commission under Section 706 of the Telecommunications Act of 1996.

Substantial rehabilitation is defined as: 1) complete replacement of the electrical system or other work for which the pre-construction cost estimate is equal to or greater than 75% of the cost of replacing the entire system in the building undergoing rehabilitation; or 2) rehabilitation of the building undergoing rehabilitation where the pre-construction estimated cost of the rehabilitation is equal to or greater than 75% of the total estimated cost of replacing the housing after the rehabilitation has occurred. The replacement cost is for the building undergoing rehabilitation only.

Exceptions may be granted by the State if it is determined: 1) the location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible; 2) the cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program

or activity or is an undue financial burden; or 3) the structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

**7. Housing – Homeownership Financial Assistance** - If HOME funds are used to provide financial assistance (i.e. down payment and/or closing costs) to homebuyers a lien will be placed on each property which receives assistance as follows The length of the affordability periods are as follows:

- Assistance up to \$15,000 five (5) years;
- Assistance \$ 15,000- \$ 40,000 \$10,001 ten (10) years.  
More than \$ 40,000.00 fifteen (15) years

**8. Housing – Housing Rehabilitation Program Policy** –for single family, owner occupied housing rehabilitation all housing must be improved and meet local livability code requirements or housing quality standards upon completion of improvements

**9. Housing - Rental Housing Affordability Periods:**

- Assistance up to \$15,000 five (5) years;
- Assistance \$ 15,000- \$ 40,000 \$10,001 ten (10) years.  
More than \$ 40,000.00 fifteen (15) years  
New Construction of rental housing twenty (20) years  
Refinancing of rental housing fifteen (15) years

The State may institute stricter affordability periods

**10. Insurance - Flood** – Flood insurance is required for all buildings (including housing) acquired, rehabilitated or renovated that are located in the floodplain. Insurance is to be maintained for the term of use, lien period, or loan term.

**11. Insurance – Homeowner or Building** – Homeowner or building insurance is required for all buildings acquired, constructed or renovated with HOME funds. The grantee is required to ensure that sub recipients, businesses and homeowners maintain sufficient replacement insurance. Files must contain appropriate documentation. Insurance is to be maintained for the term of use, lien period, or loan term.

**12. Labor - Davis Bacon and Related Acts** – Funded HOME projects Federal (Davis-Bacon) wage requirements are made applicable to the HOME program by Section 286 of the NAHA which provides, in part, as follows:

"Any contract for the construction of affordable housing with 12 or more units assisted with funds made available under this subtitle shall contain a provision requiring that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act..., shall be paid to all laborers and mechanics employed in the development of affordable housing involved,...."

HUD regulations (24 CFR 92.354) paraphrase the statutory provision and clarify that the contract for construction must contain these wage provisions if HOME funds are used for any project costs, including construction or no construction costs, for housing with 12 or more HOME-assisted units. The regulations further explain that a construction contract that includes a total of 12 or more HOME-assisted units is covered by Davis-Bacon requirements even if the contract covers more than

one HOME "project" and prohibits arranging multiple construction contracts within a single project for the purpose of avoiding Davis-Bacon coverage. Once triggered, the wage provisions apply to the construction of the entire project - HOME-assisted and non-assisted portions, alike.

**13. Lead Paint** – Grantees must comply with 24 CFR Part 35 and 40 CFR Part 745 when undertaking renovation, repair or painting activities that disturb painted surfaces in houses, buildings converted into housing, homeless shelters, and several other types of projects in buildings that were built before 1978. As of April 22, 2010, work performed as identified in the regulations must be completed by certified firms using certified renovators and workers trained in lead-safe work practices established by the Environmental Protection Agency.

**14. New Construction – Prohibition** New construction sites must not be located in an area of minority concentration and must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.

**15. Program Income** - The State may receive program income from time to time as a result of the prepayment of loans or from debt service payments. Any program income received will be used in accordance with the requirements of 24 CFR Part 92

**Resale/Recapture** Pursuant to Section 92.2574(a)(4)(ii) of the regulations, the State has selected the option to recapture the full HOME Investment from the net proceeds of the sale of a house, which was purchased with the assistance of HOME funds.

Compliance during the affordability period is achieved through monitoring of all borrowers to confirm the property is still their primary residence.

Should a homeowner want to refinance their first mortgage during the term of the HOME loan, the request will be reviewed to ensure that it meets the requirements of Subordination Policies.

The Department shall determine whether the loan of HOME funds has been forgiven because the homeowner has owned and occupied the house for a required minimum period of 5, 10, or 15 years in accordance with the terms of the loan.

If the homeowners has not owned and occupied the property during the minimum affordability period, payment will be required as discussed further under "Guidelines" below.

**Guideline - Recapture of HOME Funds:**

HOME loan funds are used for direct subsidy to assist homebuyers with down payment and closing costs, as well as mortgage write-down assistance, to enable them to purchase a home. Each homebuyer assisted with HOME funds is required to sign a written agreement detailing the terms and conditions of their HOME loan, prior to receiving the loan. A deed of trust is recorded against the purchased property securing the HOME funds. This lien is non-interest bearing loan. The loans contain an affordability period of 5, 10 and 15 years. The Loan shall be forgiven if the Borrower owns and occupies the Property during the affordability period. Repayment of the loan is required if the property is no longer the borrower's primary residence. In the event of sale or transfer of all or any portion of the Property by the Borrower or a holder of a senior lien through a foreclosure the entire amount borrowed will be

due. However, the repayment may be limited to net proceeds if the amount of the net proceeds is lesser than the original amount borrowed. The term “net proceeds” means the proceeds from the sale of the Property less the unpaid principal balance of any superior and subordinate non-governmental or private loans to the Loan.

Recapture may only be made if there are sufficient net proceeds. The net proceeds from the sale of a house will be distributed as follows:

- 1)
  - a) To pay the balance due on any superior loan and to pay any required closing costs;
  - b) To pay the HOME funds, subject to (2) below;
  - c) To pay the balance due on any subordinate loan;
  - d) To repay the homeowner for the amount of any homeowner payments; and
  - e) To pay the remaining balance to the homeowner.
- 2) If there are insufficient proceeds from the sale of the house to repay the amount of HOME funds and to pay the homeowner for the amount of any homeowner payments, the State may forgive a portion of the loan made with HOME funds, calculated by multiplying the amount of the HOME loan by the fraction equal to the number of years the homeowner owned and occupied the house times the affordability period, where HOME funds per unit equal:
  - a) Under \$15,000, 1/5 per year
  - b) \$15,000 - \$40,000, 1/10 per year; and
  - c) Over \$40,000, 1/15 per year.
- 3) With respect to loans made with HOME funds to assist homebuyers, “Homeowner Payments” means the following:
  - a) The amount of the down payment made by the homeowner of the house;
  - b) The amount of any principal payments or prepayments on any loan on the property; and
  - c) The cost of all capital improvements to the house made by the homeowner.

Additionally, the State will consider more restrictive terms for recapture and forgiveness provided it determines such action is necessary through established underwriting criteria.

HOME funds used to assist homebuyers that are recaptured according to these guidelines will be used to carry out other HOME eligible activities.

### **Legal Method**

Covenants describing the recapture restrictions will be included in the recorded loan documents to ensure that the HOME funds will be recaptured at the time of transfer or refinance of the HOME-assisted unit.

### **Tenant-Based Rental Assistance**

The State of Maryland may use HOME funds for tenant-based rental assistance on a limited basis, including using HOME funds for security deposit assistance and to help victims of a disaster. Rental assistance programs will select households to receive assistance in accordance with written tenant selection policies and criteria. In addition, if families selected are currently residing in units that are designated for rehabilitation or acquisition under the HOME program, they will not be required to meet the written tenant selection policies and criteria. Families so selected may use the tenant-based assistance in the rehabilitated or acquired unit or in other qualified housing.

### **TYPES OF INVESTMENT BY THE STATE OF MARYLAND IN THE HOME PROGRAM**

Maryland expects primarily to invest funds in projects through interest-bearing and non-interest-bearing loans, and possibly grants when needed. Depending on the circumstances of each project, the State may use other forms of subsidies, including equity investments, interest subsidies consistent with the purposes of this program, and deferred payment loans with or without interest.

### **HOME Matching Fund Requirements**

The State will provide HOME match through DHCD's Rental Allowance Program.

### **Suspension or Method of Distribution for Presidential Disaster Declarations**

In the event of a Major Disaster Declaration by the President of the United States for a city, town, or unit of local government located in the State of Maryland, the Secretary of DHCD shall have the authority to waive the Method of Distribution or any other State regulations for the HOME program to address emergency needs of impacted communities. This will be done in consultation with HUD, and the program will operate within the parameter of the law or laws addressing the HOME program.

## HOME Performance Measures

As part of its desire to implement performance measures, HUD asks grantees to assign measures to activities they expect to undertake. The table below shows how projected HOME activities will correspond with HUDS's Performance Measurement system:

| <b>HOME Investments Partnership Program</b>                              |                                                                     |                        |                                                            |
|--------------------------------------------------------------------------|---------------------------------------------------------------------|------------------------|------------------------------------------------------------|
| <b>FFY2020 Planned Project Results (HOME Program)</b>                    |                                                                     |                        |                                                            |
| <b>Outcomes and Objectives*</b>                                          | <b>Performance Indicators</b>                                       | <b>Expected Number</b> | <b>Activity Description</b>                                |
| DH-2                                                                     | Number new/rehabilitate units available to low-income households    | 64                     | Assistance to Rental Housing Development                   |
| DH-2                                                                     | Number of existing units bought to code                             | 11                     | Housing rehabilitation assistance to low-income households |
| DH-2                                                                     | Number of households receiving down payment/closing cost assistance | 0                      | Assistance to low-income homebuyers                        |
| <b>*Grantees should use one of 9 outcomes/objective categories below</b> |                                                                     |                        |                                                            |
|                                                                          | <b>Availability/Accessibility</b>                                   | <b>Affordability</b>   | <b>Sustainability</b>                                      |
| Decent Housing                                                           | DH-1                                                                | DH-2                   | DH-3                                                       |
| Suitable Living Environment                                              | SL-1                                                                | SL-2                   | SL-3                                                       |
| Economic Opportunity                                                     | EO-1                                                                | EO-1                   | EO-3                                                       |

See link for information on the 2021 HTF Plan Method of Distribution - <https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx>



**Maryland Department of Health – HOPWA Housing Services and Supports**

**Method of Distribution**

| Project Sponsor                                               | Housing Services/Supports      | FY 2021          | Encumbered        | Total Regular     |
|---------------------------------------------------------------|--------------------------------|------------------|-------------------|-------------------|
|                                                               |                                | Award            | Funds             | & Encumbered      |
| Rural HOPWA<br>MD Department of<br>Housing and Community Dev. | Tenant-Based Rental Assistance | 270,348          | 197,191           | 467,539           |
|                                                               | 7% Admin (or less)             | 18,325           | 13,367            | 31,692            |
|                                                               | <b>Total:</b>                  | <b>\$288,673</b> | <b>\$ 210,558</b> | <b>\$ 499,231</b> |

| <u>Frederick/Montgomery HOPWA</u> |                              |                  |                   |                   |
|-----------------------------------|------------------------------|------------------|-------------------|-------------------|
| Announced After Competitive RFA   |                              |                  |                   |                   |
|                                   |                              |                  |                   |                   |
|                                   | Life Skills Support Services |                  | 116,250           | 116,250           |
|                                   | 7% Admin (or less)           |                  | 8,750             | 8,750             |
|                                   | <b>Total:</b>                | <b>\$ 79,044</b> | <b>\$ 125,000</b> | <b>\$ 125,000</b> |

| <u>Frederick/Montgomery HOPWA</u> |                              |  |                   |                   |
|-----------------------------------|------------------------------|--|-------------------|-------------------|
| Announced After Competitive RFA   |                              |  |                   |                   |
|                                   |                              |  |                   |                   |
|                                   | Life Skills Support Services |  | 116,250           | 116,250           |
|                                   | 7% Admin (or less)           |  | 8,750             | 8,750             |
|                                   | <b>Total:</b>                |  | <b>\$ 125,000</b> | <b>\$ 125,000</b> |

|                                   |                                     |         |         |         |
|-----------------------------------|-------------------------------------|---------|---------|---------|
| <u>Frederick/Montgomery HOPWA</u> | Support Serv.-Case Mgmt. Management | 146,700 | 0       | 146,700 |
| Montgomery County                 |                                     |         |         |         |
| Health & Human Services           | TBRA Assistance                     | 872,100 | 0       | 872,100 |
|                                   | STRMU Assistance                    | 71,946  | 145,681 | 217,627 |
|                                   | PHP Assistance                      | 0       | 0       | 0       |

|                                                                                                  |                                     |                          |                   |                     |
|--------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------|-------------------|---------------------|
|                                                                                                  | 7% Admin (or less)                  | 76,352                   | 10,198            | 86,550              |
|                                                                                                  | <b>Total:</b>                       | <b>1,167,098 961,702</b> | <b>\$ 155,879</b> | <b>\$ 1,322,977</b> |
| <b>Frederick/Montgomery HOPWA</b><br><b>Housing Authority</b><br><b>of the City of Frederick</b> | Support Serv.-Case Mgmt. Management | 83,219                   | 0                 | 83,219              |
|                                                                                                  | TBRA Assistance                     | 290,918                  | 31,090            | 322,008             |
|                                                                                                  | STRMU Assistance                    | 0                        | 21,600            | 21,600              |
|                                                                                                  | PHP Assistance                      | 0                        | 8,000             | 8,000               |
|                                                                                                  | Transportation Assistance           |                          | 1,100             | 1,100               |
|                                                                                                  | 7% Admin (or less)                  | 25,863                   | 4,271             | 30,134              |
|                                                                                                  | <b>Total:</b>                       | <b>400,000 366,359</b>   | <b>\$ 66,061</b>  | <b>\$ 466,061</b>   |
| <b>ALL PROJECTS TOTAL</b>                                                                        |                                     | <b>\$1,855,771</b>       | <b>\$ 682,498</b> | <b>\$ 2,538,269</b> |
| Department of Health (PHPA)                                                                      | 3% Admin (or less)                  | \$ 67,035                | -                 | \$ 67,035           |
| <b>GRAND TOTAL</b>                                                                               |                                     | <b>1,806,180,091</b>     | <b>\$ 682,498</b> | <b>\$ 2,605,304</b> |

**EXHIBIT 3: HOPWA Methods of Distribution**

| <p align="center"><b>Estimated Households to be Served</b></p> <p align="center"><b>MDH – PHPA HOPWA Program – Regular Award + Encumbered</b></p> |                                                                                                                  |                                                                                                  |                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| <p align="center"><b>Units of Measurement</b></p>                                                                                                 | <p align="center"><b>Regular &amp; Encumbered</b></p> <p align="center"><b>Supportive Housing Assistance</b></p> | <p align="center"><b>Supportive Services</b></p> <p align="center"><b>Housing Case Mgmt.</b></p> | <p align="center"><b>Supportive Services</b></p> <p align="center"><b>Life Skills, PHP, Transportation</b></p> |
| <p><b><u>Rural HOPWA</u> – TBRA - Number of Households</b></p>                                                                                    | 58                                                                                                               | *                                                                                                |                                                                                                                |
| <p><b><u>Frederick/Montgomery HOPWA</u> – TBRA - Number of Households</b></p> <p><i>Frederick</i></p>                                             | 23                                                                                                               | 23                                                                                               |                                                                                                                |
| <p><b><u>Frederick/Montgomery HOPWA</u> – TBRA - Number of Households</b></p> <p><i>Montgomery</i></p>                                            | 65                                                                                                               | 65                                                                                               |                                                                                                                |
| <p><b><u>Frederick/Montgomery HOPWA</u> – STRMU - Number of Households</b></p> <p><i>Frederick</i></p>                                            | 16                                                                                                               | 16                                                                                               |                                                                                                                |

|                                                                                                                    |            |            |           |
|--------------------------------------------------------------------------------------------------------------------|------------|------------|-----------|
| <b><u>Frederick/Montgomery HOPWA – STRMU - Number of Households</u></b><br><i>Montgomery</i>                       | 20         | 20         |           |
| <b><u>Frederick/Montgomery HOPWA – Life Skills Management - Number of Households</u></b><br><i>To Be Announced</i> |            |            | 20        |
| <b><u>Frederick/Montgomery HOPWA – PHP - Number of Households</u></b><br><i>Frederick</i>                          |            |            | 7         |
| <b><u>Frederick/Montgomery HOPWA – TRANSPORTATION - Number of Households</u></b><br><i>Frederick</i>               |            |            | 13        |
| <b>Total</b>                                                                                                       | <b>182</b> | <b>124</b> | <b>40</b> |

## AP-35 Projects – (Optional)

### Introduction:

At the time of the preparation of this Annual Action Plan, the State had not identified projects to be funded. Projects will be selected using the specific methods of distribution for each program. Per HUD guidance, this Action Plan will be amended to include awarded projects that have been put into the HUD IDIS system.

| # | Project Name |
|---|--------------|
|   |              |

**Table 9 – Project Information**

### **Describe the reasons for allocation priorities and any obstacles to addressing underserved needs**

This section will be updated once projects are selected.

-

**AP-38 Project Summary**  
**Project Summary Information**

**AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)**

**Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?**

No

**Available Grant Amounts**

n/a

**Acceptance process of applications**

n/a

## **AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)**

**Will the state allow units of general local government to carry out community revitalization strategies?**

Yes

### **State’s Process and Criteria for approving local government revitalization strategies**

The State of Maryland uses State Sustainable Communities policies to promote revitalization in local communities. To participate, municipal and county governments are asked to identify local areas in need of revitalization and create a comprehensive revitalization strategy or “Action Plan” guiding investment in accordance with the principles of sustainability. The “Action Plan” aims to increase economic, transportation, and housing choice, and improve environmental and health outcomes among other locally identified goals.

The Sustainable Communities Act of 2010 was established by the Maryland General Assembly, and consolidated all previously DHCD-designated Community Legacy and Designated Neighborhoods and gave them interim Sustainable Community designation. Local communities whose Sustainable Communities designation was not updated by December 31, 2013 had their designation terminated.

In order to obtain (or retain) a Sustainable Communities designation, local governments apply for designation through applications available from DHCD. Applications for Sustainable Community designation are reviewed by an interagency panel and must be approved by the Governor’s Smart Growth Subcabinet. Once approved, communities retain their designation for five years.

All Sustainable Community Area applications must meet the following threshold requirements:

- 1) Sustainable Community Area boundaries must be entirely within a Priority Funding Area (PFA) and should be indicative of a targeted approach;
- 2) A local government resolution in support of the boundary designation and Plan should accompany the application or must be in process (all SC Area designations will be contingent upon an executed local resolution);
- 3) Entities in the community must have pledged financial and/or in-kind resources to implement the Plan as indicated by letters of support;
- 4) The proposed Sustainable Community is within or near a town center or transportation center, or there is a need for financing assistance for small businesses, nonprofit organizations or



microenterprises;

5) The proposed Plan must be consistent with other existing community or comprehensive plans;

6) A Sustainable Communities Workgroup is formed and a roster of members is provided.

**Applications that do not meet these threshold requirements will not be considered.**

### **Application Evaluation**

- The Sustainable Community application will be scored using the following 120-point framework:
- Sustainable Community Baseline Information (20 Points)
- Local Capacity To Implement Plans & Projects (15 Points)
- Sustainable Community Action Plan (65 Points)
- Progress Measures (20 Points)

## AP-50 Geographic Distribution – 91.320(f)

### Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed

The HTF will be eligible statewide under strict guidelines set in the Plan. Please see link below for detailed geographic distribution. See Methods of Distribution for other program qualifications.

Funds available through the HTF Program will be targeted to provide permanent rental housing to extremely low income (ELI) households. The need for permanent rental housing for ELI households in Maryland is significant, with the latest estimates indicating that there are over 180,000 households in the State with incomes at or below 30 percent AMI, and 86 percent of these households pay in excess of 50 percent of their income for housing. Additionally, ELI households in Maryland have a high occurrence of disabilities and other special needs.

The HTF Program priority will be to increase the supply of decent, safe and sanitary affordable housing for ELI households, including homeless families. HTF funds may be used for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities.

<https://dhcd.maryland.gov/HousingDevelopment/Pages/nht/default.aspx>

### Geographic Distribution

| Target Area | Percentage of Funds |
|-------------|---------------------|
| statewide   | 100%                |

Table 10 - Geographic Distribution

### Rationale for the priorities for allocating investments geographically

As noted above, DHCD supports community revitalization through Sustainable Community and Smart Growth efforts. The reason for this is to both have strong communities, as well to use resources in an intelligent, sustainable manner.

Relatedly, at the national level, the U.S. Department of Housing & Urban Development (HUD), Department of Transportation (DOT), and the Environmental Protection Agency (EPA) have committed to coordinate their capital investments in alignment with the following six “Livability Principles”:

- 1. Support existing communities.** Target public and private resources toward existing communities—through strategies like transit oriented, mixed-use development, and land recycling—to increase community revitalization and the efficiency of public works investments and to safeguard rural landscapes.
- 2. Value communities and neighborhoods.** Enhance the unique characteristics of all communities by

investing in healthy, safe, and walkable neighborhoods—rural, urban, or suburban.

**3. Coordinate and leverage policies and investment.** Align policies and funding to remove barriers to collaboration, leverage funding, and increase the accountability and effectiveness of all levels of government to plan for future growth, including making smart energy choices such as locally generated renewable energy.

**4. Enhance economic competitiveness.** Improve economic competitiveness through reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers, as well as expanded business access to markets.

**5. Promote equitable, affordable housing.** Expand location and energy-efficient housing choices for people of all ages, incomes, races, and ethnicities to increase mobility and lower the combined cost of housing and transportation.

**6. Provide more transportation choices.** Develop safe, reliable, and economical transportation choices to decrease household transportation costs, reduce our nation’s dependence on foreign oil, improve air quality, reduce greenhouse gas emissions, and promote public health.

The State of Maryland’s Sustainable Communities echo these federal policies, directing State resources to efforts that carry out these goals and the State’s goals for communities.

## **Discussion**

For more information and a list of Sustainable Communities in Maryland by County, please visit DHCD’s website at the following address: <http://www.mdhousing.org/Website/Programs/dn/Default.aspx>

## Affordable Housing

### AP-55 Affordable Housing – 24 CFR 91.320(g)

#### Introduction:

The table below provides an estimate of the number of persons DHCD expects to assist with affordable housing in the next year.

The State uses a method of distribution for funding and does not have numerical goals for the number of homeless persons that will be assisted. The 9,000 non homeless persons assisted result from providing mortgages to approximately 1,500 homeowners, financing over 3,000 new or renovated apartments, providing Tenant Based Rental Assistance to about 3,000 households, and rehabilitating about 2,500 housing units with weatherization and other funding. The Special Needs households assisted includes a combination of households assisted with HOPWA funding, Group Home, and SHOP funding, as well as rental assistance through the 811 programs. Other assistance was provided under the Homeownership for Individuals With Disabilities program; all of which complements the handicapped units produced under the Qualified Allocation Plan for LIHTC.

**In 2021-2022, ESG will provide 900 homeless households with rapid re-housing and 800 non-homeless households with homelessness prevention assistance (rental assistance).**

#### HOPWA - 146 non-homeless households receive TBRA

| <b>One Year Goals for the Number of Households to be Supported</b> |              |
|--------------------------------------------------------------------|--------------|
| Homeless                                                           | 3,000        |
| Non-Homeless                                                       | 4,000        |
| Special-Needs                                                      | 0            |
| <b>Total</b>                                                       | <b>7,000</b> |

**Table 11 - One Year Goals for Affordable Housing by Support Requirement**

| <b>One Year Goals for the Number of Households Supported Through</b> |              |
|----------------------------------------------------------------------|--------------|
| Rental Assistance                                                    | 3,000        |
| The Production of New Units                                          | 1,200        |
| Rehab of Existing Units                                              | 2,800        |
| Acquisition of Existing Units                                        | 0            |
| <b>Total</b>                                                         | <b>7,000</b> |

**Table 12 - One Year Goals for Affordable Housing by Support Type**

**Discussion:**

Note that the goals above are slightly lower than the goals listed for the numbers of households assisted. This is to prevent double counting. For example, persons with Special Needs will be helped with rental assistance, as well as the production of new units. So they will be assisted in newly produced units while receiving rental assistance at the same time.

The Rental Assistance category in general is also “front loaded”, as it includes all of the households who are assisted with Section 8, as well as HOPWA and RAP and Section 811 funding. In future years this number will be significantly lower as we will not double count the Section 8 numbers, and only count persons assisted with HOPWA, RAP and 811 funding.

Lastly in the above table, we are assuming “acquisition of existing units” is defined as providing homeownership opportunities as there is no place else to identify homeownership activities in this table.

## **AP-60 Public Housing - 24 CFR 91.320(j)**

### **Introduction:**

As noted elsewhere in the Plan, DHCD does not operate public housing units as it is a Housing Choice Voucher only PHA. However, DHCD will work with PHAs throughout the State to help them revitalize their physical units.

### **Actions planned during the next year to address the needs to public housing**

DHCD will be working on major projects with the Baltimore City Public Housing Authority, among others, to revitalize properties through the RAD Demonstration Program. This multi-year effort is expected to rehabilitate over 15,000 public housing units in Baltimore City and other counties through 2024.

### **Actions to encourage public housing residents to become more involved in management and participate in homeownership**

DHCD created a homeownership program for Section 8 Voucher holders several years ago and will continue its Section 8 homeownership program. In addition, PHA residents are eligible applicants under DHCD's homeownership programs which offer down payment and closing cost assistance and reduced interest rates to first time homebuyers through 2024.

### **If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance**

In the event, a PHA is designated as troubled, DHCD will cooperate with HUD to provide technical assistance to help the PHA lose its troubled status. The type of assistance offered will be based on the findings in HUD's scoring that resulted in the PHA's troubled status. Examples of technical assistance DHCD will offer could include asset management, property management, or day-to-day operations, as appropriate. (We would note that while we can provide some assistance, HUD's Office of Public and Indian Housing (PIH) require troubled PHAs to get assistance from HUD-approved TA providers such as Nan McKay or NAHRO.

DHCD is not a HUD-approved TA provider.)Also, troubled PHAs, regardless of whether they are located in entitlement or non-entitlement jurisdictions are eligible applicants for DHCD's housing rehabilitation programs, including the rehabilitation of both multi-family and single-family properties. Crisfield Housing Authority (CHA) was designated as a troubled PHA for fiscal issues in 2018, DHCD worked with CHA and the Baltimore HUD office to successfully consolidated the balance of the Crisfield Housing Authority (CHA) housing choice vouchers on and begin administration of the vouchers on schedule. Effective January 1, 2019, HUD's office of Housing Choice Voucher Programs (OHVP) approved the transfer of the Housing Choice Voucher Program units and associated budget authority from the Crisfield Housing Authority (CHA) to the Maryland Department of Housing and Community Development

(DHCD). DHCD closed out the transfer with the Baltimore Field Office of Public Housing in 2020.

DHCD continues to work with PHA's to provide resources, training, and technical assistance and intends to assist public housing agencies (PHAs) as they prepare to apply for conversion of assistance under the Rental Assistance Demonstration (RAD) under PIH Notice 2012-32 (Notice).

**Discussion:**

As part of the 1998 Quality Housing and Workforce Responsibility Act (QHWRA), Maryland and other States must describe how they would assist troubled PHAs with "financial or technical assistance" to help them lose their troubled status. HUD scores PHAs on their management practices and the physical quality of their units - a SEMAP or PHAS score under 60% results in a PHA being given "troubled" status.

In the event a PHA is designated as troubled, DHCD will cooperate with HUD to provide technical assistance to help the PHA lose its troubled status. The type of assistance offered will be based on the findings in HUD's scoring that resulted in the PHA's troubled status. Examples of technical assistance DHCD will offer could include asset management, property management, or day-to-day operations, as appropriate. (We would note that while we can provide some assistance, HUD's Office of Public and Indian Housing (PIH) require troubled PHAs to get assistance from HUD-approved TA providers such as Nan McKay or NAHRO. DHCD is not a HUD-approved TA provider.)

Also, troubled PHAs, regardless of whether they are located in entitlement or non-entitlement jurisdictions are eligible applicants for DHCD's housing rehabilitation programs, including the rehabilitation of both multi-family and single-family properties.

## **AP-65 Homeless and Other Special Needs Activities – 91.320(h)**

### **Introduction**

The State has undertaken a multi-pronged approach to ensure that homelessness is rare, brief, and non-recurring. Central to this approach is the creation of a state policy-advisory entity, the Maryland Interagency Council on Homelessness (ICH). The ICH is composed of representation from state government, Continuums of Care, advocacy agencies, and persons with lived experience of homelessness, who collaborate and perform the following functions and duties:

Serve as the single statewide homelessness planning and policy development resource for Maryland

- Oversee and implement the Maryland Homeless Services Framework, which includes specific goals and strategies for reducing homelessness
- Serve as a state clearinghouse for information on services and housing options for the homeless
- In 2021-2022, DHCD will support the merger of the Harford County Continuum of Care into the Maryland Balance of State Continuum of Care, and will continue to serve as the CoC's lead agency. This will reduce the overall number of Continuums of Care in Maryland from 12 to 11.

### **Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including**

#### **Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs**

The State reaches out to people experiencing homelessness, including those living in unsheltered locations, primarily through the Continuum of Care network to assess their individual needs. DHCD provides State funding and ESG funding to over 40 street outreach programs, drop-in centers, and emergency shelters. These programs provide immediate crisis stabilization services and case management to assist households with identifying their housing and service needs, address housing barriers, completing assessments for Coordinated Entry to gain access to permanent housing resources, and connect homeless persons to community-based services such as mental health treatment, substance use treatment, food and basic needs resources, education and workforce development services, and affordable housing opportunities. DHCD and CoCs actively work with other Federally-funded programs to coordinate outreach and shelter for people experiencing homelessness such as VA Supportive Services for Veteran Families (SSVF), the U.S. Department of Health and Family Services Runaway and Homeless Youth (RHY) programs, and PATH. DHCD also provides State funding to each Continuum of Care for their Point-in-Time Count and Homeless Resource Days, increasing their operational capacity to cover more geographic area, recruit more outreach staff and volunteers to participate, and provide incentives to people experiencing homelessness to complete surveys and



Coordinated Entry assessments.

In addition to funding, DHCD coordinates closely with a variety of State agencies and community partners to share information about available housing and services across Maryland, ensure that people experiencing homelessness know where and how to access the Coordinated Entry System, and that people being discharged from institutional settings have support in accessing emergency shelter immediately at exit. Partners include the Maryland Department of Health (MDH), local health departments, the Maryland Department of Human Services, and Maryland 211.

To reduce barriers to shelter for people experiencing unsheltered homelessness, DHCD has provided CoCs and homeless shelters with training through the National Alliance to End Homelessness Emergency Shelter Learning Series, training on Housing First and Low-Barrier Shelter practices, and provided clinical social work trainings on harm reduction strategies.

2021-2022 Actions:

- Implement a robust Coordinated Entry System for the Maryland Balance of State Continuum of Care, which includes a comprehensive assessment of needs
- Increase availability of funding for street outreach and mobile services across the state to assess unsheltered individuals, provide basic needs assistance, transport individuals to shelter, and provide critical health services related to COVID19
- Provide funding to CoCs for conducting the 2022 unsheltered PIT Count and for the 2022 YouthREACH count

### **Addressing the emergency shelter and transitional housing needs of homeless persons**

DHCD allocates approximately 45% of ESG and State Homelessness Solutions Grant funding to Continuums of Care for staffing and operational costs of emergency shelters. Capital funds for construction and renovation of shelter and transitional housing facilities is available through other State grants administered by DHCD. Continuing to sustain emergency crisis beds while expanding rapid re-housing and other permanent housing options is key to ensuring that unsheltered homelessness is reduced. DHCD will continue to require all shelters to be low barrier and Housing-First oriented, in addition to being accessible to households of all types - such as different family compositions and having culturally competent shelter options for unaccompanied youth, veterans, domestic violence survivors, and people that are LGBTQ+. Continuums of Care assess local shelter needs and identify shelter and housing inventory gaps each year in their application to DHCD for funding. The State has a significant number of VA Grant and Per Diem (GPD) shelter and transitional housing beds available for veterans. DHCD also allocates over \$1 million annually across the State to support programs specifically for

unaccompanied homeless youth, many of which are shelter.

2021-2022 Actions:

- Support local Continuum of Care efforts to transition hotels into non-congregate shelters and renovate existing congregate shelters
- Increase availability of funding for hotels/motels and specialized emergency shelters for youth and domestic violence survivors, as well as operation/building costs needed for adequate distancing
- Implement training for shelters on harm reduction, best practices for serving LGBTQ+ individuals

**Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again**

DHCD has increased the portion of ESG and State funding available for rapid re-housing each year. Rapid re-housing is a best practice model for helping individuals and families transition quickly out of homelessness and into independent, community-based permanent housing. The goal is to use housing relocation, stabilization services or short-term rental assistance to “re-house” individuals and families living in shelters or unsheltered situations. This involves assistance to help move them, as quickly as possible, out of homelessness into a more stable housing situation and to set them up for future success. Providers can use funds to assist with short-term rental assistance, rental arrears, rental application fees, security and utility deposits, utility payments, moving costs, and a range of services including housing search and placement, case management, tenant legal services, landlord-tenant mediation and credit repair. DHCD encourages the use of rapid re-housing for chronically homeless households, and has supported CoCs in partnering with local SSVF rapid re-housing programs and implementing unaccompanied youth rapid re-housing, which offers longer lengths of assistance than a typical adult household).

To increase the effectiveness and capacity of ESG and State-funded rapid re-housing, DHCD provided a collaborative learning opportunity for rapid re-housing providers through the National Alliance to End Homelessness. DHCD supports CoCs in implementing progressive engagement models, increasing connections between the homeless and workforce systems to increase employment opportunities for people in rapid re-housing, and building the capacity of Coordinated Entry to quickly match households to permanent housing opportunities and when necessary, help them transition into permanent supportive housing (CoC PSH, VASH, LIHTC, Section 811, etc) to avoid becoming homeless again. Rapid re-housing providers are encouraged to establish partnerships with subsidized housing in their community to increase the availability of permanently affordable housing to households nearing the end

of their assistance.

2021-2022 Actions:

- Increase availability of funding for rapid re-housing across all Continuums of Care
- Establish a rapid re-housing workgroup and dedicate DHCD staff capacity to increase the effectiveness of rapid re-housing across the state
- Establish a landlord outreach campaign and database of units
- Increase training and technical assistance for rapid re-housing providers - learning collaboratives, best practice manuals, program evaluations
- Increase partnerships between local rapid re-housing providers and local workforce boards
- Increase effectiveness of CoC Coordinated Entry Systems in connecting people in shelter and on the street quickly to rapid re-housing and new Emergency Housing Vouchers, and facilitate MOUs/partnership building between CoCs and Public Housing Authorities
- Create bridges to permanently affordable, subsidized housing for rapid re-housing clients through new partnerships with LIHTC properties, HUD-financed multifamily housing, Housing Choice Vouchers, and Public Housing
- Work collaboratively with MEMA and local Continuums of Care to maximize the number of households in FEMA non-congregate shelters who exit to permanent housing

**Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs**

DHCD makes ESG and State funds available for preventive services, to help eligible individuals and families avoid homelessness. Funds are available for housing relocation, stabilization services and short term rental assistance, as necessary to prevent the individual or family from moving to an emergency shelter, onto the streets or into other places not meant for human habitation. Recipients may use funding to assist with short-term rental assistance, rental arrears, rental application fees, security and utility deposits, utility payments, moving costs, and a range of services including housing search and placement, case management, tenant legal services, landlord-tenant mediation and credit repair. The goal is to prevent an individual or family from moving to an emergency shelter or into an unsheltered situation and to achieve housing stability.

DHCD and CoCs work collaboratively to establish strategies and tools for preventing discharges from publicly funded institutions and systems of care - strategies are carried out at both the local and state levels, depending on the system of care. The Maryland Interagency Council on Homelessness has healthcare and youth workgroups which have strategically worked in the past three years on policies

and strategies to reduce patient discharges from hospitals to unsheltered settings, reducing the number of youth who age out of foster care and become homeless, and reduce the number of youth that exit juvenile and adult corrections into homelessness. Additionally, DHCD sponsors YouthREACH, Maryland's homeless youth count, which has a steering committee of representatives from all major systems interacting with youth and young adults. Count results are used to better understand how youth become homeless and identify where discharge practices can be improved. CoCs ensure that local systems of care are aware of the Coordinated Entry System and how to refer their clients and offer cross-training opportunities with other system leaders.

2021-2022 Actions:

- Streamline eligibility and household prioritization methods for ESG-funded homelessness prevention with new sources of eviction prevention assistance available through federal and state rent and utility relief programs
- Continue Maryland Interagency Council on Homelessness actions to reduce discharges from systems of care into homelessness

**Discussion**

### AP-70 HOPWA Goals – 91.320(k)(4)

| One year goals for the number of households to be provided housing through the use of HOPWA for:             |            |
|--------------------------------------------------------------------------------------------------------------|------------|
| Short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family        | 36         |
| Tenant-based rental assistance                                                                               | 146        |
| Units provided in permanent housing facilities developed, leased, or operated with HOPWA funds               | 0          |
| Units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds | 0          |
| <b>Total</b>                                                                                                 | <b>182</b> |

## **AP-75 Barriers to affordable housing – 91.320(i)**

### **Introduction:**

In this section of the Plan, HUD asks the State to address issues related to barriers to affordable housing. As per the question below, the State actually does not have control over many issues HUD has asked the State to address:

### **Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment**

The State does not have policies that serve as barriers to affordable housing. The State does not have policies affecting the return on residential investment, nor does it have control over zoning. The State also does not have tax policies affecting land, nor does it charge fees for building.

The States Building Codes Administration (Codes - formerly with MD-DHCD), recently moved to the Department of Labor on July 1, 2018, does have some control over building codes, and adopted the International Existing Building Code (IEBC) in 2012, which became effective 2013. The Codes website (see link below) maintains an online repository of information related to the building codes adopted by the Federal government, the State government, and the local jurisdictions. Interested parties can find useful hyperlinks to various resources and the contact information of local jurisdictions on the web site

The use of the IEBC actually reduces barriers to affordable housing not only because it standardizes code, but also because it allows communities to receive technical assistance including code interpretations from the International Code Council which they would otherwise be unable to access. The State also follows the 2012 International Energy Conservation Code, and the International Green Conservation Code, both of which make housing more affordable by reducing energy costs as well as promoting sustainable development.

<http://www.dllr.maryland.gov/labor/build/>

### **Discussion:**

## **AP-85 Other Actions – 91.320(j)**

### **Introduction:**

According to excerpt from the recent housing needs assessment for Maryland, Growth in population, income and jobs across the state has been matched by growth in the residential sector. Between 2020 and 2030, Maryland’s population and economy will continue to grow. Statewide projections by the Maryland Department of Planning show that Maryland will add an estimated 178,000 households and 377,000 residents over the next ten years. Looking ahead to 2030, if current trends hold, Maryland will need more homes that serve extremely and very low-income households; smaller, one-person households; seniors; and families with children. These homes and any complementary services, such as homeownership counseling, down payment assistance, or rental assistance, will need to align with the unique needs of an increasingly racially and ethnically diverse population.

When asked to prioritize housing needs across Maryland, the Needs Assessment Advisory group identified the top two needs to provide:

1. Homes for low-income households Stakeholders prioritized the importance of meeting the varied and largely unmet housing needs among low-income households over the next 10 years. Low-income households— in particular, extremely and very low-income households— are underserved by Maryland’s housing market today. These households will represent more than half of all new households in Maryland by 2030. In addition to housing affordability, there’s a need to align with household characteristics, including more families with children, more people living alone, and more racially and ethnically diverse households.
2. Increase construction of affordable and market-rate housing with the need for a well-functioning housing delivery system as a precondition for keeping pace with projected growth.

<https://dhcd.maryland.gov/Documents/Other%20Publications/Report.pdf> population.

### **Actions planned to address obstacles to meeting underserved needs**

The needs assessment report outlined the following relevant actions needed to address obstacles to

meeting underserved needs:

- Offer operating subsidies for affordable housing developments
- Expand use of project-based vouchers
- Create housing trust funds
- Create housing preservation funds
- Establish dedicated revenue sources for affordable housing
- Increase awareness of available housing programs and assistance to navigate eligibility and other program requirements
- Develop cross-sector partnerships to provide integrated services, including health, employment, and education
- Increase tenant protections and access to information, legal services, mediation, or other supports
- Extend affordability periods associated with development subsidies
- Expand emergency rental assistance programs

<https://dhcd.maryland.gov/Documents/Other%20Publications/Report.pdf> population.

### **Actions planned to foster and maintain affordable housing**

DHCD will continue undertaking efforts to increase affordable housing projects in Maryland. Over 10 years, DHCD will seek to increase rental housing preservation by 10,000 units statewide including both entitlement and non-entitlement areas. DHCD to undertake a comprehensive approach toward systemic streamlining and financing to increase production levels statewide.

### **Actions planned to reduce lead-based paint hazards**

DHCD continues to be pro-active and operates its own lead abatement program funded with State appropriations that help control lead hazards. In addition to requiring lead abatement for all HUD funded projects, the Department also requires it when used with its own funds or other resources such as Federal Low-Income Housing Tax Credits. The Maryland Department of the Environment enforces lead paint reduction and control rules for landlords which also helps to substantially reduce childhood



exposure to lead based paint.

### **Actions planned to reduce the number of poverty-level families**

The State of Maryland remains committed to reducing the number of households living in poverty. The State's anti-poverty strategy is founded on the coordination of resources and strong partnerships at the state and local levels. These efforts are geared toward helping individuals and families move from poverty to self-sufficiency and toward addressing the causes and conditions of poverty in communities across the state. The Department administers the Community Services Block Grant Program (CSBG) program which is funded through the U.S. Department of Health and Human Services (HHS). Annually, the Department receives approximately \$10 million in CSBG funding - 90% of which is distributed to the state's network of 17 locally-designated Community Action Agencies (CAAs). Another 5% of CSBG funding is awarded on a competitive basis to CAAs and other nonprofit organizations to support asset-building programs, to address gaps in services for low-income households, and to support innovative approaches that alleviate poverty. CSBG funds also support communication and coordination among the CAA network and other capacity building activities that strengthen the impact of the network. The remaining 5% of annual CSBG funding is utilized by the Department for administrative costs, including providing training and technical assistance to recipients of these funds. Key components to the success of the State's strategy are creating and maintaining linkages and coordination at the state level, as well as, supporting similar efforts at the local community level. Through effective coordination, the Department ensures increased access to CSBG-funded services and helps to avoid duplication of services. As required by the federal Workforce Innovation and Opportunities Act (WIOA), the Department of Housing and Community Development and Community Action Agencies are partners in the strategy to strengthen the state's workforce development system. The Department participates in policy development efforts led by the state's WIOA Alignment Group. The Department also assists in the development of training and resource materials for frontline workforce development staff. At the local level, Community Action Agencies participate in their jurisdiction's workforce development board. They also coordinate with local agencies to ensure an effective delivery of employment and training programs. Similarly, both the Department and CAAs are engaged in the implementation of a Two Generation/Whole Family Approach to service delivery. The Department coordinates with the Maryland Department of Human Services at the state level through participation in the Governor's 2-Gen Commission. At the local level, CAAs work with their jurisdiction's Department of Social Services to ensure coordination of safety net services (e.g. TANF, SNAP), to fill gaps in services and to avoid duplication of services so that their mutual clients are served effectively and efficiently.

### **Actions planned to develop institutional structure**

The State will use inter-departmental forums and meetings to coordinate resources, develop consistent policies and methods to achieve stated goals and objectives. As noted above, DHCD has enacted several new policies in the past several years to improve the ability of developers to provide affordable rental housing. These programs will streamlined bond program, rental housing works, PRHP. The State

will work its partners along with HUD to standardize underwriting for preservation projects, and working with the Maryland Energy Administration (MEA) and Public Service Commission (PSC) to strengthen energy efficiency and green building initiatives. Community Development coordination will be improved and streamlined through the State's Development Plan, as well as the federal and State Sustainable Community Initiatives

### **Actions planned to enhance coordination between public and private housing and social service agencies**

To enhance coordination between public, private housing and social service agencies;

- DHCD will continue to work with the Department of Disabilities (DoD) and Department of Human Resources (DHR) to provide more housing for very low income Marylanders. DHDC is coordinating the use of two Weinberg Grants with DoD and DHR on this effort.
- DHCD will continue its coordination for energy efficiency with MEA, PSC, weatherization and sources of funding from HUD, DOE, PSC, and utility companies.
- DHCD will continue to fund and operate its Homeownership for Individuals With Disabilities Program, working with DHMH and other agencies to enable persons with disabilities, families with disabled children and borrowers who are guardians for an immediate family member who is disabled to purchase their own home.
- DHCD will work with Maryland Department of Aging and the Maryland Department of Health and Mental Hygiene to carry out the Accessible Housing Loan and Grant Program which was authorized as its own, stand-alone program in the 2013 legislative session.
- DHCD's Community Development Administration or DHCD's CDA division will continue to collaborate with the U.S. Small Business Administration to promote the Neighborhood BusinessWorks Program.
- DHCD's will coordinate with the Governor's Office of Business Advocacy and Small Business Assistance (GOBA), the office of Minority Affairs, Maryland Department of Transportation (MDOT) and Department of Commerce to increase their awareness of the Neighborhood BusinessWorks (NBW), Maryland Capital Access and Linked Deposit Program (inactive since 2012 due to lack of lender participation) for gap financing, credit assurance/loan loss reserves and interest rate buydowns available for state-up and expanding small and micro business located in revitalization areas across the State.

### **Discussion:**

## Program Specific Requirements

### AP-90 Program Specific Requirements – 91.320(k)(1,2,3)

#### Introduction:

The following are program specific requirements from HUD regarding the administration of various HUD programs. Many of these items do not apply to the State and how it operates its programs, which is why many responses are “0” or NA for Not Applicable.

#### Community Development Block Grant Program (CDBG)

##### Reference 24 CFR 91.320(k)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

|                                                                                                                                                                                                |                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed                                            | 500,000        |
| 2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan. | 0              |
| 3. The amount of surplus funds from urban renewal settlements                                                                                                                                  | 0              |
| 4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan                                                   | 0              |
| 5. The amount of income from float-funded activities                                                                                                                                           | 0              |
| <b>Total Program Income:</b>                                                                                                                                                                   | <b>500,000</b> |

#### Other CDBG Requirements

|                                                                                                                                                                                                                                                                                                                                                                                                   |        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| 1. The amount of urgent need activities                                                                                                                                                                                                                                                                                                                                                           | 0      |
| 2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan. | 70.00% |

**HOME Investment Partnership Program (HOME)**  
**Reference 24 CFR 91.320(k)(2)**

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

No other forms of investment are anticipated being used

2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

HOME loan funds are used for direct subsidy to assist homebuyers with down payment and closing costs, as well as mortgage write-down assistance, to enable them to purchase a home. Each homebuyer assisted with HOME funds is required to sign a written agreement detailing the terms and conditions of their HOME loan, prior to receiving the loan. A deed of trust is recorded against the purchased property securing the HOME funds. This lien is non-interest bearing loan. The loans contain an affordability period of 5, 10 and 15 years. The Loan shall be forgiven if the Borrower owns and occupies the Property during the affordability period. Repayment of the loan is required if the property is no longer the borrower's primary residence. In the event of sale or transfer of all or any portion of the Property by the Borrower or a holder of a senior lien through a foreclosure the entire amount borrowed will be due. However, the repayment may be limited to net proceeds if the amount of the net proceeds is lesser than the original amount borrowed. The term "net proceeds" means the proceeds from the sale of the Property less the unpaid principal balance of any superior and subordinate non-governmental or private loans to the Loan. (See Method of Distribution Exhibit 2 for further explanation of amounts due upon sale or transfer)

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

The State of Maryland has chosen to use the recapture provision with HOME funds. Under recapture, there is no requirement that the original HOME-assisted homebuyer sell the unit to another low-income homebuyer. Instead, if the homebuyer transfers the property either voluntarily or involuntarily during the period of affordability, the PJ recovers, from available net proceeds, all or a portion of the HOME assistance to the homebuyers. The guidelines for recapture are mentioned in # 2 above. During the affordability period compliance is achieved through monitoring to confirm the property is still their primary residence. (See Method of Distribution Exhibit 2 for further explanation)

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that

will be used under 24 CFR 92.206(b), are as follows:

There are no plans to refinance debt secured by multifamily housing that is rehabilitated with HOME funds at this time.

**Emergency Solutions Grant (ESG)  
Reference 91.320(k)(3)**

1. Include written standards for providing ESG assistance (may include as attachment)

DHCD allows subrecipients (Continuums of Care) to establish ESG written standards for the projects in their jurisdiction. Each CoC's ESG written standards are reviewed annually during either the annual application process or the annual monitoring visit. Continuums of Care are required to have written standards that reflect the policies and procedures established by DHCD in the Homelessness Solutions Program Policy Guide.

2. If the Continuum of Care has established centralized or coordinated assessment system that meets HUD requirements, describe that centralized or coordinated assessment system.

Each of the 11 Continuums of Care in Maryland operate independent Coordinated Entry Systems. DHCD supports CoCs with training and technical assistance on HUD requirements, best practices, and HMIS tools.

3. Identify the process for making sub-awards and describe how the ESG allocation available to private nonprofit organizations (including community and faith-based organizations).

See Method of Distribution section.

4. If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), the jurisdiction must specify its plan for reaching out to and consulting with homeless or formerly homeless individuals in considering policies and funding decisions regarding facilities and services funded under ESG.

Not applicable.

5. Describe performance standards for evaluating ESG.

DHCD evaluates ESG projects on the following measures and performance targets:

**All Projects**

- HMIS Data Quality - No more than 10% error rate for RRH, Shelter, HP
- HMIS Data Quality - No more than 35% error rate for street outreach

- Number of Persons Served - Meets or exceeds grant expectations

#### **Outreach**

- Median Enrollment - 90 days or less
- Exits to Shelter - 50% or more
- Exits to Permanent Housing - 15% or more

#### **Shelter**

- Median Length of Stay - 90 days or less
- Exits to Permanent Housing - 50%+

#### **Rapid Re-Housing**

- Prior Residence = Homeless or Institution
- Gained and/or Increased Income (Adults) - 10% or more
- Length of Time between Project Entry Date and Residential Move-in Date - 90 days or less
- Median Length of Stay - 180 days or less
- Exits to Permanent Housing - 80%+

#### **Homelessness Prevention**

- Household's Prior Residence is Permanent Housing - 100%
- Percent of Households that Exit to Permanent Housing - 90%+

### **Housing Trust Fund (HTF) Reference 24 CFR 91.320(k)(5)**

1. How will the grantee distribute its HTF funds? Select all that apply:

Applications submitted by eligible recipients

2. If distributing HTF funds through grants to subgrantees, describe the method for distributing HTF funds through grants to subgrantees and how those funds will be made available to state agencies

and/or units of general local government. If not distributing funds through grants to subgrantees, enter "N/A".

Ninety percent (90%) of the HTF annual allocation will be used for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities. The Department will retain ten percent (10%) of the HTF annual allocation for allowable administrative and planning expenses.

The HTF program requires the Department to commit funds within 24 months of HUD's execution of the HTF grant Agreement.

HTF funds may be allocated to for-profit or non-profit organizations, or other entities which have the demonstrated financial capacity and experience to complete and meet ongoing compliance requirements. A recipient must:

- a. Provide a certification to the Department that it will comply with the requirements of the HTF program during the entire period that begins upon the selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities,
- b. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;
- c. Demonstrate its familiarity with requirements of other federal, state, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
- d. Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to own, construct, rehabilitate, manage and operate an affordable multifamily rental housing development.

For further information, please access HTF Plan via link below  
<https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx>

3. If distributing HTF funds by selecting applications submitted by eligible recipients,

- a. Describe the eligibility requirements for recipients of HTF funds (as defined in 24 CFR § 93.2). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

HTF funds may be allocated to for-profit or non-profit organizations, or other entities which have the demonstrated financial capacity and experience to complete and meet ongoing compliance requirements. A recipient must:

1. Provide a certification to the Department that it will comply with the requirements of the HTF program during the entire period that begins upon the selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities,
2. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;
3. Demonstrate its familiarity with requirements of other federal, state, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
4. Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to own, construct, rehabilitate, manage and operate an affordable multifamily rental housing development.

For further information, please access HTF Plan via link below  
<https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx>

b. Describe the grantee's application requirements for eligible recipients to apply for HTF funds. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

HTF projects will be selected by the Department for funding consideration, subject to availability of funds. Applications will be reviewed for eligibility and evaluated using the Threshold Criteria set forth below. HTF funds will be awarded to eligible projects through a non-competitive, first-ready first-served basis and will be used to complement and in conjunction with on-going Department housing programs to leverage other project funding, make projects financially feasible and increase the number of ELI households served in state-funded projects. HTF funds may be used in projects utilizing RHFP, LIHTC, MBP, Shelter and Transitional Housing Grant Program (STHGP) and any other programs administered by the Department. HTF may also be used with projects receiving non-Department housing program funds such as other state, federal, local/public or private sources. HTF may not be used with any funding sources that cannot be combined with HTF (e.g., Public Housing per 24 CFR §93.203). HTF funds may be requested by a Sponsor as part of a project application or Department staff may, in consultation with a sponsor, propose the use of HTF funds during project review and underwriting. Successful recipients will receive a Notice of Award, which will state the Department's intent to award HTF funds.

c. Describe the selection criteria that the grantee will use to select applications submitted by eligible recipients. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".



DHCD staff will review all applicants to ensure compliance with the minimum threshold requirements as outlined in Section 3.3. in the FY2020 HTF plan (link below). If an application does not meet all of the minimum threshold requirements the application will not be considered for financing.

**Market Assessment:** A market assessment of the housing needs of ELI individuals to be served by the project must be submitted as part of the application. The assessment should review the neighborhood and other relevant market data to determine there is a current demand for the type and number of housing units being developed.

**Site Control:** Sponsors must have sufficient site control to allow projects to move forward if they receive an award of HTF funds. At the time of application, site control should extend for at least one-hundred and eighty (180) calendar days after the date of the application (including extension options). Acceptable evidence of site control includes deeds, contracts of sale, leases, purchase options, Land Disposition Agreement and other similar agreements from a local government, or other evidence at the Department's discretion.

**Capital Needs Assessment (For projects acquiring an existing property):** To ensure that the proposed rehabilitation of the project is adequate and that the property will have a useful life that exceeds the affordability period; a Capital Needs Assessment (CNA) of the property by a competent third party shall be submitted with the application. A CNA shall identify any work that must be complete immediately to address health and safety issues, violations of federal or state law, violation of local code, or any work necessary to ensure that the building can continue to operate as affordable housing.

For further information, please access HTF Plan via link below  
<https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx>

d. Describe the grantee's required priority for funding based on geographic diversity (as defined by the grantee in the consolidated plan). If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

The Department has determined that a broader set of priorities is necessary to ensure the availability of important resources to all areas and populations in the State. Additionally, it has been determined that the established priorities should serve to guide -- not limit -- funding awards by the Department. The criteria outlined in this HTF Allocation Plan provide incentives for developments that meet these priorities.

Priority is given to projects located in a geographic area defined by applicable law as a community of opportunity for affordable family housing or identified as such by an order or consent decree entered by a federal or State court of competent jurisdiction or by a settlement agreement to which the Department or a local government in Maryland is a party. As of the publication of this Guide, the

Department is aware of two such settlements:

1) Baltimore City: The case of Thompson v. HUD. The following link provides information on census tracts designated as Communities of Opportunity in the Thompson case:

<http://www.brhp.org>

2) Baltimore County: The Conciliation Agreement among HUD, several complainants, and Baltimore County to designate 116 census tracts in Baltimore County as Communities of Opportunity. These census tracts are outlined in Exhibit F of the Conciliation Agreement found at the following website:

<http://www.baltimorecountymd.gov/Agencies/planning/fairhousing/hudconciliation.html>  
<http://www.baltimorecountymd.gov/Agencies/planning/fairhousing/hudconciliation.html>

3. NHT funds may also be awarded to a project that is located in one of the following:

Be located in a rural area. For purposes of this section, a rural area includes any area eligible under the U.S. Department of Agriculture's Rural Development programs or any area in Allegany, Caroline, Dorchester, Garrett, Kent, Somerset, Washington, Wicomico, or Worcester Counties that are not otherwise Community Development Block Grant (CDBG) entitlement communities or HOME Participating Jurisdictions. Or Be located in any of the following: Certified Heritage Areas within county designated growth areas; Sustainable Communities; Empowerment Zones; Federal or Maryland Enterprise Zones; Main Street/Maple Street Maryland communities; or rural villages designated in county comprehensive plans as of July 1, 1998 and where there is evidence of other recent public investment in the plan area.

The Sustainable Communities Program is a place-based designation offering a comprehensive package of resources that support holistic strategies for community development, revitalization, and sustainability. The following link provides a list of approved Sustainable Communities:

For further information, please access HTF Plan via link below

<https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx>

e. Describe the grantee's required priority for funding based on the applicant's ability to obligate HTF funds and undertake eligible activities in a timely manner. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Overall project readiness is reviewed based on applicant's ability to provide information required for scoring. Projects are eligible for HTF funds only if the housing will meet the applicable property standards upon completion. All HTF – assisted projects must meet all applicable State and local codes, ordinances and zoning requirements. In the absence of those codes, the housing must meet the

International Residential Code or International Building Code (as applicable). All HTF - assisted projects (both new construction and rehabilitation) must meet the following requirements:

The accessibility requirements of 24 CFR part 8, Titles II and III of the Americans with Disabilities Act implemented at 28 CFR Parts 35 and 36; and 24 CFR 100-205 as applicable; and other improvements that are not required by the regulations or statute that permit use by a person with a disability;

The energy efficiency standards established pursuant to Section 109 of the Cranston-Gonzalez National Affordable Housing Act;

Where relevant, the housing must be constructed or rehabilitated to mitigate the impact of the potential disasters, in accordance with applicable State and local codes, ordinances, and requirements, or other requirements established by HUD.

The Department will review and approve written cost estimates and ensure that construction contracts and work will meet the all applicable standards; and

For further information, please access HTF Plan via link below

<https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx>

f. Describe the grantee's required priority for funding based on the extent to which the rental project has Federal, State, or local project-based rental assistance so that rents are affordable to extremely low-income families. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

Priority for funding highly considered for projects with project-based rental subsidies for all of the HTF-assisted units in the project. Documentation from the local Public Housing Authority or other entity must be provided to show that the project-based subsidies will be in place for the term of at least five (5) years with renewal provision. The project-based assistance may be federal, state, or locally funded. Other forms of project-based assistance will be reviewed on a case by case request. For Example: If the Department receives two equal applications, the one with documented project-based rental assistance will be given priority.

For further information, please access HTF Plan via link below

<https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx>

g. Describe the grantee's required priority for funding based on the financial feasibility of the project beyond the required 30-year period. If not distributing funds by selecting applications

submitted by eligible recipients, enter “N/A”.

HTF-assisted units must meet the affordability requirements for a period of 40 years, which begins at project completion. The affordability requirements will be imposed by a Regulatory Agreement or other similar document recorded in accordance with State recordation laws. The affordability restrictions may be terminated upon foreclosure or transfer in lieu of foreclosure. Each application must include a project pro forma to cover the 40 year HTF affordability period and include rents that are affordable to the ELI household.

For further information, please access HTF Plan via link below

<https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx>

h. Describe the grantee’s required priority for funding based on the merits of the application in meeting the priority housing needs of the grantee (such as housing that is accessible to transit or employment centers, housing that includes green building and sustainable development features, or housing that serves special needs populations). If not distributing funds by selecting applications submitted by eligible recipients, enter “N/A”.

NHT may be awarded to family projects with reasonable access to jobs, quality schools, and other economic and social benefits, as demonstrated by meeting at least one (1) of the following two (2) criteria:

1. Be located in a “Community of Opportunity” as shown on the Maryland QAP Comprehensive Opportunity Maps posted to the Department’s Web site at:

<http://www.dhcd.state.md.us/GIS/multifamily/index.html>

The Communities of Opportunity designated on the Maryland QAP Comprehensive Opportunity Maps are based on a “Composite Opportunity Index” developed by the Department. The Composite Opportunity Index uses publicly-available data and is based on three major factors: community health, economic opportunity, and educational opportunity. To be designated a Community of Opportunity, and mapped as such to the Maryland QAP Comprehensive Opportunity Maps, the community must have a Composite Opportunity Index that it is above the statewide average.

The three major indicators that comprise the Composite Opportunity Index are:

Community Health - The community health indicator represents the wealth and quality of life in a community relative to the State average

Economic Opportunity - Economic opportunity measures the extent to which a community provides

employment opportunity and mobility to its residents.

Educational Opportunity - Educational opportunity measures the outcomes of student performance and educational attainment in the community

For further information, please access HTF Plan via link below

<http://www.dhcd.state.md.us/GIS/multifamily/index.html>

<https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx>

i. Describe the grantee's required priority for funding based on the extent to which the application makes use of non-federal funding sources. If not distributing funds by selecting applications submitted by eligible recipients, enter "N/A".

In the award of HTF Funds, the Department will provide a priority for projects which leverage non-Federal funding sources. For this purpose, non-Federal funding sources will include equity raised from the sale of Low Income Housing Tax Credits, as well as loans funded from the proceeds of tax-exempt bonds. The Department will evaluate the percentage of total development costs funded by non-state resources. For purposes of this section State resources, in accordance with the chart below, include: All equity generated from competitive LIHTC awards from the State's LIHTC ceiling except any LIHTC awarded as the result of a federally or state designated basis boost; Department-administered rental housing resources, including, but not limited to, RHFP, RHW, HOME, NHT, CDBG, the Community Legacy Program, Demolition Funds, and the Partnership Rental Housing Program.

Leveraged funding may include:

Equity from a federal or state basis boost;

Equity from non-competitive 4% LIHTC awards;

The proceeds of MBP financing;

Local contributions (as described below);

Locally-controlled federal resources such as HOME, CDBG, or State Small Cities CDBG;

Other non-Department State funding;

Private financing; and

Private or philanthropic funding

For further information, please access HTF Plan via link below

<https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx>

4. Does the grantee's application require the applicant to include a description of the eligible activities to be conducted with HTF funds? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

5. Does the grantee's application require that each eligible recipient certify that housing units assisted with HTF funds will comply with HTF requirements? If not distributing funds by selecting applications submitted by eligible recipients, select "N/A".

Yes

**6. Performance Goals and Benchmarks.** The grantee has met the requirement to provide for performance goals and benchmarks against which the grantee will measure its progress, consistent with the grantee's goals established under 24 CFR 91.315(b)(2), by including HTF in its housing goals in the housing table on the SP-45 Goals and AP-20 Annual Goals and Objectives screens.

Yes

**7. Maximum Per-unit Development Subsidy Amount for Housing Assisted with HTF Funds.**

Enter or attach the grantee's maximum per-unit development subsidy limits for housing assisted with HTF funds.

The limits must be adjusted for the number of bedrooms and the geographic location of the project. The limits must also be reasonable and based on actual costs of developing non-luxury housing in the area.

If the grantee will use existing limits developed for other federal programs such as the Low Income Housing Tax Credit (LIHTC) per unit cost limits, HOME's maximum per-unit subsidy amounts, and/or Public Housing Development Cost Limits (TDCs), it must include a description of how the HTF maximum per-unit development subsidy limits were established or a description of how existing limits developed for another program and being adopted for HTF meet the HTF requirements specified above.

Please refer to the HTF Plan in the appendix

**8. Rehabilitation Standards.** The grantee must establish rehabilitation standards for all HTF-assisted housing rehabilitation activities that set forth the requirements that the housing must meet upon project completion. The grantee's description of its standards must be in sufficient detail to determine the required rehabilitation work including methods and materials. The standards may refer to

applicable codes or they may establish requirements that exceed the minimum requirements of the codes. The grantee must attach its rehabilitation standards below.

In addition, the rehabilitation standards must address each of the following: health and safety; major systems; lead-based paint; accessibility; disaster mitigation (where relevant); state and local codes, ordinances, and zoning requirements; Uniform Physical Condition Standards; and Capital Needs Assessments (if applicable).

DHCD requires that all housing units and building exteriors receiving rehabilitation work be brought up to the Maryland Building Performance Standard (COMAR 05.02.07), or county codes whenever more restrictive, and meet minimum livability codes. All work must be performed within industry standards and be of acceptable quality. Upon completion of any project all major systems must have a remaining useful life of a minimum of twenty (20) years, if not; replacement of components will be required. Major systems include structural framing, roofing, cladding and weatherproofing (e.g., windows, doors, siding, gutters), plumbing, HVAC, electrical and elevators.

All materials used in connection with DHCD financed projects are to be new, above Builder Grade quality and without defects.

For details on DHCD's rehabilitation standards, please refer to "Rehabilitation Standards for DHCD Multifamily Programs" via link to the document on our website. <https://dhcd.maryland.gov/Documents/Consolidated%20Plan/MFRehabilitationStandards2020.pdf>

**9. Resale or Recapture Guidelines.** Below, the grantee must enter (or attach) a description of the guidelines that will be used for resale or recapture of HTF funds when used to assist first-time homebuyers. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

Please refer to the HTF Plan in the appendix

**10. HTF Affordable Homeownership Limits.** If the grantee intends to use HTF funds for homebuyer assistance and does not use the HTF affordable homeownership limits for the area provided by HUD, it must determine 95 percent of the median area purchase price and set forth the information in accordance with §93.305. If the grantee will not use HTF funds to assist first-time homebuyers, enter "N/A".

Any limitation or preference must not violate nondiscrimination requirements in § 93.350, and the grantee must not limit or give preferences to students. The grantee may permit rental housing owners to limit tenants or give a preference in accordance with § 93.303(d)(3) only if such limitation or preference is described in the action plan.

N/A

**12. Refinancing of Existing Debt.** Enter or attach the grantee’s refinancing guidelines below. The guidelines describe the conditions under which the grantee will refinance existing debt. The grantee’s refinancing guidelines must, at minimum, demonstrate that rehabilitation is the primary eligible activity and ensure that this requirement is met by establishing a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing. If the grantee will not refinance existing debt, enter “N/A.”

N/A

**Discussion:**

**Due to an error in the template the section for AP 90 for HOPWA was omitted. Below is the answer to the question does the action plan identify the method for selecting sponsors (including providing full access to grassroots faith based and other community organizations. )**

The Maryland Department of Health (MDH) is the Grantee of the HUD Rural HOPWA Program. MDH has historically engaged the Local County Health Departments' HIV/ AIDS programs to serve as Project Sponsors. This has allowed services to be co-located where people living with HIV receive medical care. MDH will expand HOPWA program services in FY 21 through a competitive procurement action targeting community-based organizations. The Request for Applications (RFA) will have broad distribution among the Department's existing network of stakeholders inclusive of faith-based, and grassroots organizations.





# 2021 National Housing Trust Fund Allocation Draft Plan

*July 5, 2021*

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# National Housing Trust Fund Allocation Plan For Federal Fiscal Year 2021

The State of Maryland (the “State”) will receive \$9,975,009 in National Housing Trust Funds (HTF) from the U.S. Department of Housing and Urban Development (HUD) for Federal Fiscal Year 2021 (FFY 2021), which runs from October 1, 2021 through September 30, 2022. It is expected that HTF will continue to be funded by HUD in future years.

The Maryland Department of Housing and Community Development (the “Department”) is the State Agency that will administer HTF. The Department is required to ensure that the HTF Program is administered in compliance with all HTF requirements established by HUD. The policies below will govern the use of HTF funds administered by the Department for FFY 2021.

The Department is required to develop this HTF Allocation Plan, which will be included as a component of the State of Maryland’s Consolidated Plan.

In addition to the State’s policies outlined in this document, HTF Funds will be administered in compliance with all applicable Federal rules, including the Housing Trust Fund Interim Rule (attached as Exhibit A), published on January 30, 2015 and codified at 24 CFR Part 93, as well as HUD Notice CPD 17-05-: Guidance for HTF Grantees on Fiscal Year 2017 Housing Trust Fund (HTF) Allocation Plans, published on June 21, 2017.

## 1 Introduction

The Department administers a variety of State and federal programs that finance the development of affordable rental housing. These programs include, but are not limited to, the Low Income Housing Tax Credit Program (LIHTC), the Rental Housing Financing Program (RHFP), which is a combination of the state-funded Rental Housing Program and the federally-funded HOME Investment Partnership Program, Rental Housing Works (RHW), and the Multifamily Bond Program (MBP). The Department may, from time to time, establish new development financing programs to advance its mission.

While there are variations between these programs based on the underlying source of funds, State and federal requirements applicable to specific funding sources, and State and federal policy goals, the Department seeks to align many of its administrative processes that accompany these programs. This alignment makes these programs more user-friendly and contributes to operating efficiencies for the Department and its partners, including owners, investors, and managers of properties financed by these various resources. The Department seeks to include its HTF in these alignment efforts.

## 2 General Requirements

### 2.1 Priority Housing Needs of the State/Eligible Populations Served

The Department has determined that a broader set of priorities is necessary to ensure the availability of important resources to all areas and populations in the State. Additionally, it has been determined that the established priorities should serve to guide -- not limit -- funding awards by the Department. The criteria outlined in this HTF Allocation Plan provide incentives for developments that meet these priorities.

Accordingly, the Department has established the following set of priorities to guide the award of NHT funding:

1. **Family Housing in Communities of Opportunity**
2. **Housing in Community Revitalization and Investment Areas**
3. **Integrated Permanent Supportive Housing Opportunities**
4. **Preservation of Existing Affordable Housing**
5. **Elderly Housing in Rural Areas of the State Outside Communities of Opportunity**
6. **Housing for the Homeless**

It is the Department's intent to ensure that Maryland's affordable housing development resources, including HTF funding, are fairly deployed in a manner that best serves Maryland residents; including families, seniors, and persons with disabilities or special needs, and the continuing demand for quality, affordable rental housing across the State.

Funds available through the HTF Program will be targeted to provide permanent rental housing to extremely low income (ELI) households. The need for permanent rental housing for ELI households in Maryland is significant, with the latest estimates indicating that there are over 180,000 households in the State with incomes at or below 30% AMI, and 86% of these households pay in excess of 50% of their

income for housing. Additionally, ELI households in Maryland have a high occurrence of disabilities and other special needs.

The HTF Program priority will be to increase the supply of decent, safe and sanitary affordable housing for ELI households, including homeless families. HTF funds may be used for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities.

## **2.2 Income Level to be Served**

The HTF Program will serve ELI households. ELI households are defined as households with incomes at the greater of:

- 30% of the applicable Area Median Income (AMI); or
- Households with incomes at or below the poverty line.

## **2.3 Method of Distribution**

Ninety percent (90%) of the HTF annual allocation will be used for the production, preservation and rehabilitation of affordable rental housing through the acquisition, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities. The Department will retain ten percent (10%) of the HTF annual allocation for allowable administrative and planning expenses.

The HTF program requires the Department to commit funds within 24 months of HUD's execution of the HTF grant Agreement.

## **2.4 Forms of Assistance**

HTF funds may be used as broadly and flexibly as is permitted by federal regulations to address the unique underwriting needs of each project and the number of ELI tenants to be served. Forms of assistance may include:

- Equity Investments;
- Interest-bearing loans or advances;
- Non-Interest bearing loans or advances;
- Deferred payment loans;
- Grants; or
- Other forms of assistance approved by HUD.

## 2.5 Application and Award Process

HTF projects will be selected by the Department for funding consideration, subject to availability of funds. Applications will be reviewed for eligibility and evaluated using the Threshold Criteria set forth below. HTF funds will be awarded to eligible projects through a non-competitive, first-ready first-served basis and will be used to complement and in conjunction with on-going Department housing programs to leverage other project funding, make projects financially feasible and increase the number of ELI households served in state-funded projects. HTF funds may be used in projects utilizing RHFP, LIHTC, MBP, Shelter and Transitional Housing Grant Program (STHGP) and any other programs administered by the Department. HTF may also be used with projects receiving non-Department housing program funds such as other state, federal, local/public or private sources. HTF may not be used with any funding sources that cannot be combined with HTF (e.g., Public Housing per 24 CFR §93.203). HTF funds may be requested by a Sponsor as part of a project application or Department staff may, in consultation with a sponsor, propose the use of HTF funds during project review and underwriting. Successful recipients will receive a Notice of Award, which will state the Department's intent to award HTF funds.

## 3 Eligibility Requirements

### 3.1 Eligible Activities

HTF funds may only be used for the following eligible costs:

- Development hard costs;
- Acquisition costs;
- Related soft costs;
- Relocation costs; and
- Operating/rental assistance, but no more than one-third of the state's annual HTF allocation and may be used for operating cost assistance and/or an operating cost assistance reserve but must be fully utilized within 5 years of the award. Such assistance can be subsequently renewed, as long as it's within the 30-year affordability period. It is anticipated that such assistance would be very limited and in the form of grants.

Operating cost assistance and/or an operating cost assistance reserve may be provided only to rental housing acquired, rehabilitated, reconstructed, or newly constructed with HTF funds. [Section 200(a)(1)].

Eligible use of HTF for operating cost assistance and operating cost assistance reserve in accordance with Section 201(e).

- Operating costs are costs for insurance, utilities, real property taxes, and maintenance and scheduled payments to a reserve for replacement of major systems (provided that the payments must be based on the useful life of each major system and expected replacement cost) of an HTF-assisted unit.
- The eligible amount of HTF funds per unit for operating cost assistance is determined based on the deficit remaining after the monthly rent payment for the HTF-assisted unit is applied to the HTF-assisted unit's share of monthly operating costs.
- The maximum amount of the operating cost assistance to be provided to an HTF-assisted rental project must be based on the underwriting of the project and must be specified in a written agreement between the grantee and the recipient. The written agreement may commit, from a fiscal year HTF grant, funds for operating cost assistance for a multiyear period provided that the grantee is able to meet its expenditure deadline in 93.400(d).
- The grantee may renew operating cost assistance with future fiscal year HTF grants during the affordability period [Section 302(d)(1) establishes a 30-year minimum affordability period] and the amount must be based on the need for the operating cost assistance at the time the assistance is renewed.

The Department will require that all applications for HTF funds must contain a description of the eligible activities to be conducted with the HTF funds.

HTF projects must also comply with Site and Neighborhood Standards requirements as established in the HTF interim rule published by HUD (Exhibit A). The Site and Neighborhood Standards at § 93.150 apply to new construction of rental projects receiving HTF funds.

All rehabilitation projects must meet the applicable HTF rehabilitation standards and the requirements of 24 CFR §93.301(b).

The Department will not use HTF funds for refinancing of existing debt.

### **3.2 Eligible Recipients**

HTF funds may be allocated to for-profit or non-profit organizations, or other entities which have the demonstrated financial capacity and experience to complete and meet ongoing compliance requirements.

A recipient must:



- a. Provide a certification to the Department that it will comply with the requirements of the HTF program during the entire period that begins upon the selection of the recipient to receive HTF funds, and ending upon the conclusion of all HTF-funded activities,
- b. Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity;
- c. Demonstrate its familiarity with requirements of other federal, state, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs; and
- d. Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to own, construct, rehabilitate, manage and operate an affordable multifamily rental housing development.

### **3.3 Minimum Threshold Requirements**

DHCD staff will review all applicants to ensure compliance with the minimum threshold requirements as outlined in Section 3.3. If an application does not meet all of the minimum threshold requirements the application will not be considered for financing.

**3.3.1 Market Assessment:** A market assessment of the housing needs of ELI individuals to be served by the project must be submitted as part of the application. The assessment should review the neighborhood and other relevant market data to determine there is a current demand for the type and number of housing units being developed.

**3.3.2 Site Control:** Sponsors must have sufficient site control to allow projects to move forward if they receive an award of HTF funds. At the time of application, site control should extend for at least one-hundred and eighty (180) calendar days after the date of the application (including extension options). Acceptable evidence of site control includes deeds, contracts of sale, leases, purchase options, Land Disposition Agreement and other similar agreements from a local government, or other evidence at the Department's discretion.

**3.3.3 Capital Needs Assessment (For projects acquiring an existing property):** To ensure that the proposed rehabilitation of the project is adequate and that the property will have a useful life that exceeds the affordability period; a Capital Needs Assessment (CNA) of the property by a competent third party shall be submitted with the application. A CNA shall identify any work that must be complete immediately to address health and safety issues, violations of federal or state law, violation of local code, or any work necessary to ensure that the building can continue to operate as affordable housing.

- 3.3.4 Phase I Environmental Site Assessment:** Each project must comply with applicable requirements of local, State, and federal environmental laws and regulations. As part of the Application Submission Package, an environmental assessment checklist or environmental report, if available, must be included. Environmental assessments must not be more than one (1) year old as dated from application submission. For acquisition/rehabilitation projects, the Phase I environmental Assessment must include lead-based paint and asbestos testing.
- 3.3.5 Utility:** Evidence that public water, sewer, electric, gas, telephone, internet, and cable services are at project sites or will be available during the construction or rehabilitation period must be provided. Acceptable evidence of utility availability may include a letter from the Development Team’s civil engineer, the utility company providing the service, a responsible local official, or, for existing buildings, copies of recent utility bills. Alternatively, the applicant may provide a certification in a form to be approved by the Department.
- 3.3.6 Zoning:** Sites must be properly zoned for their intended use. If a zoning change, variance, or exception is required, sponsors must provide the following information in the application:
- Documentation illustrating the present status of the proposed zoning change and the local planning and zoning process;
  - Contact information for a local official familiar with the project and responsible for the approval process; and
  - A detailed schedule with projected dates for obtaining the required approvals corresponding to the project schedule in the Application Submission Package.
- 3.3.7 New Construction - Priority Funding Areas (PFA):** All projects involving any new construction must be located in a Priority Funding Area (PFA) under Maryland’s Smart Green and Growing Initiative. PFAs include:
- All incorporated municipalities including Baltimore City, with some exceptions related to water, sewer, and density for areas annexed after January 1, 1997;
  - All areas between the Baltimore beltway and the Baltimore City limits and the Washington, DC beltway and the Washington, DC boundary;
  - All areas designated as Sustainable Communities, as defined by the Maryland Annotated Code, Housing and Community Development Article, Section 6-201(I);
  - Federal and State enterprise zones;
  - All areas designated by county governments as PFAs, including rural villages designated in county comprehensive plans as of July 1, 1998; and

- Certified heritage areas within locally designated growth areas.

All applications for projects involving any new construction must include a letter from the local government that certifies the project is located in a PFA. Information regarding PFAs may also be found at the link below:

<http://www.mdp.state.md.us/ourproducts/pfamap.shtml>

**3.3.8 Timeliness and Readiness to Proceed:** The readiness of the proposed project to proceed with construction or rehabilitation activities will also be a critical factor in the determination of the award of HTF funds. The Department will consider the status of other financing (firm written financial commitments for other financing is required prior to the commitment of HTF funds), the local approval process, and other relevant factors in establishing the readiness of a project to proceed. As part of the Application Submission Package, sponsors must complete the Anticipated Development Schedule. This schedule should be consistent with the Department's underwriting and construction review process. If a project is approved it is expected to meet the development schedule as proposed. In cases where a zoning change, variance, or exception is necessary, schedules must be consistent with the analysis provided by the Development Team's zoning attorney or engineer. In all cases, the Anticipated Development Schedule should reflect the project's readiness to proceed. Additionally, all projects must be financially feasible in accordance with the Department underwriting standards and generally accepted industry practices.

**3.3.9 Underwriting Standards:** All HTF-assisted projects must be consistent with regulatory requirements outlined in 24 CFR §93.300(b). All HTF-assisted must also conform to the following underwriting standards:

**3.3.9.1 Vacancy.** All projects will be underwritten with a minimum vacancy rate of 5%. Additionally, the Market Study must fully support the proposed vacancy level. The Department reserves the right to reject as infeasible any project that requires a vacancy rate of 10% or more.

**3.3.9.2 Operating Expenses.** Annual operating expenses, including all real estate taxes but excluding replacement reserve deposits, should be no less than \$4,000 per unit per year and no more than \$7,000 per unit per year. Waivers may be requested for small projects of up to forty (40) units, projects with master-metered (i.e. project paid) utilities, or other unusual circumstances.

**3.3.9.3 Reserves for Replacement.** All projects must budget at least \$300 per unit per year in reserves for replacement (RFR) deposits. Additionally, RFR deposits must be adequate to

support the project as determined by a CNA prepared by a qualified third party. The Department reserves the right, in its sole discretion, to require a new CNA every five (5) to ten (10) years and adjust RFR deposits based upon such new CNA.

**3.3.9.4 Operating Reserves.** Each project must establish an operating reserve equal to between three (3) and six (6) months of underwritten operating expenses, debt service payments, and required deposits to other reserves. At a minimum, capitalized operating reserves must remain in place until the project has achieved a minimum 1.15 debt service coverage ratio, economic break-even operations for one complete fiscal year as confirmed by the project's annual audit, and reached and sustained 90% occupancy for twelve (12) consecutive months. In the discretion of the Department, the operating reserve may be released over the next three (3) years provided the project continues to achieve economic break-even operations and sustains 90% occupancy. Upon release, operating reserves generally may be used to pay any outstanding deferred Developer's Fee, reduce any State loan, fund other reserves, fund project betterments, or otherwise be applied as approved by the Department.

**3.3.9.5 Trending.** In evaluating the long term viability of the project, the Department requires that rents and other revenue from the project be projected to increase by no more than 2% annually. Operating expenses (including property taxes) must be projected to increase by not less than 3% annually.

**3.3.9.6 Debt Service Coverage Ratio.** All projects must be underwritten to a minimum debt service coverage ratio (DSCR) of 1.15 in the first year of stabilized operations. The DSCR will be calculated including all must-pay debt service payments.

**3.3.9.7 Market Analysis.** All applications must provide a Market Study commissioned by the applicant that must demonstrate the need for affordable rental housing in the local market and must meet the following criteria:

- The Market Study must be prepared by an independent professional who has experience with affordable multifamily rental housing in Maryland and whose firm who have undergone peer review by the National Council of Housing Market Analysts (NCHMA).
- The Market Study shall be not more than six (6) months old as dated from application submission;

- The Market Study must meet the requirements of the HOME Rule at §92.250(b)(2) and provide a concise executive summary of the data, analysis, and conclusions of the report covering; a detailed description of the project including the proposed number of units by number of bedrooms, unit size in square feet, utility allowances for tenant paid utilities and rents; a geographic definition of the primary market area (PMA) and secondary market area (SMA) including maps; and a complete and accurate description of the site and the immediate surrounding area. The Market Study must also assess the market for the planned units and determine if there is sufficient demand to rent the assisted units within 18 months of project completion (§92.252); evaluate the capture rate, absorption rate and analyze the completion in the market.

**3.3.10 Developer Experience:** The capacity of the applicant for HTF Funds is critical to the successful development and continuing operation of the project. In the allocation of HTF Funds, the Department will only fund projects with a strong development team meeting the requirements below. The Primary Development Team consists of the Developer/Owner, the project's general contractor, architect and property manager. Capacity will be based on the demonstrated relevant experience and qualifications of the Primary Development Team. The Department will evaluate the Primary Development Team based on their record of accomplishment during the past five (5) years with projects that are similar in size, scope, and complexity to the proposed project. Primary Development Team members without appropriate experience should establish partnerships with experienced entities.

**3.3.11 Developer Financial Capacity:** The Department will also review the financial capacity of the Developer/Owner and Guarantor to determine if the Developer/Owner has access to sufficient working capital to carry the project through pre-development and/or unexpected challenges and the net worth sufficient to provide applicable guarantees of project completion and operations. The financial capacity of the Developer, including the project sponsor, guarantor, and general partner/managing member with an ownership interest in the project's ownership entity whether such roles are held by individuals, corporate entities, partnerships, or limited liability companies will be reviewed.

Financial statements for the three fiscal years prior to the application and the interim financial statements through the previous quarter are required for the project sponsor, project owner, guarantor, and general partner/managing member with an ownership interest in the project's ownership entity whether such roles are held by individuals, corporate entities, partnerships or limited liability companies. Each financial statement must identify all contingent liabilities including guarantees on other developments in process, income taxes estimated or accrued, and operating deficits. The required financial statements must include calculations of Total Assets, Total Liabilities, Current Assets, and Current Liabilities. The Department will use these figures to assess the Developer's financial capacity, assessing whether the Developer has access to sufficient working capital to carry the project through pre-development and/or unexpected challenges, and net worth (net assets for nonprofit organizations) sufficient to provide applicable guarantees of project completion and operations. Upon written request and at the Department's sole discretion, the requirement for Audited Financial Statements may be waived.

**3.3.12 Geographic Diversity:** HTF Program funds will be available on a State-wide basis. Ideally, housing opportunities for ELI household will be reasonably dispersed across the state, allowing physical mobility based on a household's own needs and preferences, and in doing so, promoting social and economic mobility for those same households. Achieving this end requires that the State invest in improving neighborhoods that already serve low income residents and providing new housing options in historically less affordable communities that provide residents access to a broad array of jobs, services and amenities.

Some projects not only provide needed affordable housing, but provide synergy, contributing to and expanding upon broader State and local community development investments. In order to ensure that HTF funds are reasonably dispersed across the State, an eligible HTF project must be located within one of the areas below:

1. NHT funds may be awarded to any elderly or family project, new construction or rehabilitation, in a Qualified Census Tract (QCT) or Difficult Development Area (DDA) (this does not include any State-designated DDA under the authority granted in §42, more commonly referred to as a "state-designated basis boost") that contributes to a concerted community revitalization plan.

To qualify for points in this category, a concerted community revitalization plan must meet the following requirements:

- a) Officially adopted or endorsed by a Local Government or created with Local Government involvement;
- b) Established to increase investment in the community or build from an existing community asset;
- c) Developed and approved in accordance with local planning requirements;
- d) Includes evidence of community and stakeholder engagement;
- e) Has a defined geographic boundary, that includes the proposed site or is focused within a single municipality, jurisdiction, or targeted area;
- f) If there is a housing component in the plan, the plan should include rehabilitation or new construction of rental housing as a goal for the community;
- g) Includes details of implementation measures along with specific time frames for the achievement of such policies and housing activities; and
- h) Provides a list of other investment occurring or planned within the immediate area.

**A community revitalization plan will be considered ineligible if it:**

- a) Was formulated solely by a Development Team member. This requirement shall not exclude a plan which included Development Team member(s) as a participant in the planning process;
- b) Is a comprehensive plan, consolidated plan, municipal zoning plan or land use plan; unless such plan includes a neighborhood-based or other location specific strategy that articulates where development may occur; or
- c) Is not relevant to current neighborhood conditions.

Documentation must be submitted as part of the Application Submission Package that supports each of the elements above, including:

- a) Certification form executed by both the applicant and the local government through the local planning department or zoning board that demonstrates that the plan meets the requirements of the Department;
- b) A copy of the full revitalization plan; and

- c) A map of area targeted by the plan identifying location of project.
2. NHT may be awarded to family projects with reasonable access to jobs, quality schools, and other economic and social benefits, as demonstrated by meeting at least one (1) of the following two (2) criteria:

1. Be located in a “Community of Opportunity” as shown on the Maryland QAP Comprehensive Opportunity Maps posted to the Department’s Web site at:

<http://www.dhcd.state.md.us/GIS/multifamily/index.html>

The Communities of Opportunity designated on the Maryland QAP Comprehensive Opportunity Maps are based on a “Composite Opportunity Index” developed by the Department. The Composite Opportunity Index uses publicly-available data and is based on three major factors: community health, economic opportunity, and educational opportunity. To be designated a Community of Opportunity, and mapped as such to the Maryland QAP Comprehensive Opportunity Maps, the community must have a Composite Opportunity Index that it is above the statewide average.

The three major indicators that comprise the Composite Opportunity Index are:

- Community Health. The community health indicator represents the wealth and quality of life in a community relative to the State average.

The community health indicator has six (6) components, as follows:

- Median household income obtained from the U.S. Census’ American Community Survey (ACS) 2007-2011, five-year estimate. Household income is positively correlated with community health. Higher household incomes support a more diversified economic base and enhance the tax basis and services of its local government.
- Ratio of owner-occupied to all occupied housing units (a proxy for homeownership rate) obtained from the ACS 2007-2011, five-year estimate. A higher homeownership rate indicates the economic stability of a community, which is positively correlated with community health.



- o Median value of owner-occupied housing units obtained from the ACS 2007-2011, five-year estimate. This statistic indicates the strength of a community's real estate market relative to the average statewide market condition and is highly correlated with community health.
- o Population growth between 2010 and 2012 obtained from the Economic and Social Research Institute (ESRI) 2012 community profile. A component of population growth is the number of people relocating to a community so this measures the quality of life in a community and is positively correlated with community health.
- o Poverty rate, obtained from the ACS 2007-2011, five-year estimate. The poverty rate highlights the detrimental impact of concentrated poverty on quality of life in a community. This variable is inversely correlated with community health.
- o Property vacancy rate obtained from the ESRI 2012 community profile. An elevated property vacancy rate negatively impacts community health. Vacant property is often correlated with higher crime and depreciation of property values in a community.
- Economic Opportunity. Economic opportunity measures the extent to which a community provides employment opportunity and mobility to its residents. Employment opportunity is measured by the following variables:
  - o Prevailing unemployment rate obtained from the ACS 2007-2011, five-year estimate. This variable, which measures employment opportunity in a community, is inversely related with economic opportunity.
  - o Median commute time to work obtained from the ACS 2007-2011, five-year estimate. The commute time measures proximity to regional employment opportunities and is inversely related with economic opportunity.

- *Educational Opportunity*. Educational opportunity measures the outcomes of student performance and educational attainment in the community. This indicator is measured by the following variables:
    - Maryland School Assessment (MSA) scores, proficient and advanced, for elementary, middle, and high school students obtained from Maryland Department of Education for the 2011/2012 academic year. These scores play a key role in determining educational advancement as well as opportunities available to students. The MSA scores are positively correlated with educational opportunity.
    - Percent of population with a college degree (both undergraduate and graduate degrees) obtained from the ACS 2007-2011, five-year estimate. This variable is positively related to educational opportunity.
    - Percent of population with no high school diploma, obtained from the ACS 2007-2011, five-year estimate. This variable is inversely related with educational opportunity.
2. Be located in a geographic area defined by applicable law as a community of opportunity for affordable family housing or identified as such by an order or consent decree entered by a federal or State court of competent jurisdiction or by a settlement agreement to which the Department or a local government in Maryland is a party. As of the publication of this Guide, the Department is aware of two such settlements:
- 1) Baltimore City: The case of *Thompson v. HUD*. The following link provides information on census tracts designated as Communities of Opportunity in the *Thompson* case:  
<http://www.brhp.org>
  - 2) Baltimore County: The Conciliation Agreement among HUD, several complainants, and Baltimore County to designate 116 census tracts in Baltimore County as Communities of Opportunity. These census tracts

are outlined in Exhibit F of the Conciliation Agreement found at the following website:

<http://www.baltimorecountymd.gov/Agencies/planning/fairhousing/hudconciliation.html>

<http://www.baltimorecountymd.gov/Agencies/planning/fairhousing/hudconciliation.html>

3. NHT funds may also be awarded to a project that is located in one of the following:

- Be located in a rural area. For purposes of this section, a rural area includes any area eligible under the U.S. Department of Agriculture's Rural Development programs or any area in Allegany, Caroline, Dorchester, Garrett, Kent, Somerset, Washington, Wicomico, or Worcester Counties that are not otherwise Community Development Block Grant (CDBG) entitlement communities or HOME Participating Jurisdictions. Or
- Be located in any of the following: Certified Heritage Areas within county designated growth areas; Sustainable Communities; Empowerment Zones; Federal or Maryland Enterprise Zones; Main Street/Maple Street Maryland communities; or rural villages designated in county comprehensive plans as of July 1, 1998 and where there is evidence of other recent public investment in the plan area.

- The Sustainable Communities Program is a place-based designation offering a comprehensive package of resources that support holistic strategies for community development, revitalization, and sustainability. The following link provides a list of approved Sustainable Communities:

<http://dhcd.maryland.gov/Communities/Pages/dn/default.aspx>

<http://dhcd.maryland.gov/Communities/Pages/dn/default.aspx>

<http://dhcd.maryland.gov/Communities/Pages/dn/default.aspx>

**3.3.13 Duration of Affordability Period:** HTF-assisted units must meet the affordability requirements for a period of 40 years, which begins at project completion. The affordability requirements will be imposed by a Regulatory Agreement or other similar document recorded in accordance with State recordation laws. The affordability restrictions may be terminated upon foreclosure or

transfer in lieu of foreclosure. Each application must include a project pro forma to cover the 40 year HTF affordability period and include rents that are affordable to the ELI household.

## 4 Priority Criteria

The following factors will also be evaluated by the Department in its review of applications for HTF funding:

1. **State Housing Priority Needs:** The HTF is primarily a production program meant to add units to the supply of affordable housing units for ELI household. The extent to which the project proposed to meet this objective will be evaluated by the number of ELI units proposed along with the merits of the application in meeting the priority housing of the locality where the project is located such as accessibility to transit or employment centers, housing that includes green building and sustainable development features or housing that serves special needs populations;
2. **Project-Based Funding:** The Department will provide a priority for projects with project-based rental subsidies for all of the HTF-assisted units in the project. Documentation from the local Public Housing Authority or other entity must be provided to show that the project-based subsidies will be in place for the term of at least five (5) years with renewal provision. The project-based assistance may be federal, state, or locally funded. Other forms of project-based assistance will be reviewed on a case by case request. For Example: If the Department receives two equal applications, the one with documented project-based rental assistance will be given priority. <sup>1</sup>
3. **Leveraging:** In the award of HTF Funds, the Department will provide a priority for projects which leverage non-Federal funding sources. For this purpose, non-Federal funding sources will include equity raised from the sale of Low Income Housing Tax Credits, as well as loans funded from the proceeds of tax-exempt bonds. The Department will evaluate the percentage of total development costs funded by non-state resources. For purposes of this section State resources, in accordance with the chart below, include:
  - All equity generated from competitive LIHTC awards from the State's LIHTC ceiling except any LIHTC awarded as the result of a federally or state designated basis boost;

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<sup>1</sup> Public comments received requested DHCD not score the applications received.

- Department-administered rental housing resources, including, but not limited to, RHFP, RHW, HOME, NHT, CDBG, the Community Legacy Program, Demolition Funds, and the Partnership Rental Housing Program.

Leveraged funding may include:

- Equity from a federal or state basis boost;
- Equity from non-competitive 4% LIHTC awards;
- The proceeds of MBP financing;
- Local contributions (as described below);
- Locally-controlled federal resources such as HOME, CDBG, or State Small Cities CDBG;
- Other non-Department State funding;
- Private financing; and
- Private or philanthropic funding.

Projected equity from federal Historic Tax Credits (HTC) is also considered leveraged funding. To qualify the applicant must (i) provide evidence that the Part 1-Historic Preservation Certification Application has been submitted to the Maryland Historical Trust (MHT); (ii) document that MHT has recommended approval of the Part 1 Application or documents that the project building(s) is already listed in the National Register; and (iii) certify that the applicant will complete the HTC application process and diligently pursue HTC equity investment.

All calculations for this section will be based on Department underwriting of a project which may include adjustments to LIHTC equity based on Department assumptions about credit pricing as announced by the Department. Additionally, for projects with market rate (i.e. non-income restricted) units and mixed-use projects, the Department will consider only leveraged funds applicable to the affordable units by prorating both sources and uses to remove non-residential and market rate components of the project. Residential costs will be prorated based on the project's Applicable Fraction (as defined in the Internal Revenue Code) unless the Department determines that market rate and affordable units are not comparable in which case the Department, in its sole discretion, may require greater itemization of costs to allocate sources and uses to the affordable portion of the project.

Finally, because projects in rural areas have higher fixed transaction costs due to their relatively smaller size and have less access to locally controlled sources of leverage, the Department will calculate

percentages for rural projects, as defined below, on a higher scale than for non-rural projects. Additionally, because family projects located in Communities of Opportunity are an important priority of the Department, percentages will be calculated on a higher scale as well.

For purposes of this section, a rural area includes any area eligible under the U.S. Department of Agriculture’s Rural Development programs or any area in Allegany, Caroline, Dorchester, Garrett, Kent, Somerset, Washington, Wicomico, or Worcester Counties that are not otherwise CDBG entitlement communities or HOME Participating Jurisdictions.

|                                                                                           |          |
|-------------------------------------------------------------------------------------------|----------|
| <b>DIRECT LEVERAGING (Sec. 4.5.1 of the Guide)</b>                                        | <b>0</b> |
| <b>Project Located in QCT/DDA or 9%LIHTC Area of Opportunity?</b> choose one:             |          |
| <b>If "yes," enter acquisition credit, if any, amount:</b> (See Form 202, Tax Credit tab) |          |
| <b>Is project considered a rural transaction?</b>                                         |          |
| <b>Is project a Family Project located in a Community of Opportunity?</b>                 |          |
| <b>1. Tax Credit Subsidy</b>                                                              |          |
| Annual LIH Tax Credits (allocated credits only) Note: do not include a utomatic 4% LIHTC  |          |
| Less Adjust for QCT 130% <a href="#">Qualified Census Tract Table Generator</a>           | \$ -     |
| Credit Period                                                                             | 10       |
| Total LIH Tax Credits                                                                     | \$0      |
| Imputed Raise-Up                                                                          | 0.94     |
| LIH Tax Credit Subsidy                                                                    | \$0      |
| <b>2. Total DHCD Subsidy</b>                                                              |          |
| Rental Housing Funds Note: indude DHCD, but not Local, HOME funds                         | \$0      |
| PRHP                                                                                      | \$0      |
| Other DHCD Funds Note: do not include Tax-Exempt or Taxable Bonds                         | \$0      |
| Total State Funds                                                                         | \$ -     |
| Tax Credit Subsidy                                                                        | \$0      |
| Total DHCD Subsidy                                                                        | \$0      |
| <b>3. All Project Costs</b>                                                               |          |
|                                                                                           | \$0      |
| <b>4. Adjusted Costs</b>                                                                  |          |
| # Affordable BRs                                                                          | 0        |
| Total BRs                                                                                 | 0        |
| % Affordable                                                                              | 0%       |
| All Project Costs                                                                         | \$0      |

|                               |         |
|-------------------------------|---------|
| Adjusted Costs                | \$0     |
| <b>5. Leverage Evaluation</b> |         |
| Total DHCD Subsidy            | \$0     |
| Adjusted Costs                | \$0     |
| % DHCD Funds                  | 0.00%   |
| % Leveraged Funds             | 100.00% |

Percentages will be calculated as follows:

Scoring will be calculated based on the overall percentage of leveraged funds, with projects with a higher level of leveraged funds receiving the greatest points. Because projects in rural areas have higher fixed transaction costs due to their relatively smaller size and have less access to locally-controlled sources of funding, DHCD will award leveraging points to rural projects, as defined in [Section 4.2.3](#), in a different manner.

Projects which are not in a rural area will be scored as follows:

- The percentage of leveraged funds (from 0% to 100%) will be divided by .06667 to arrive at a score from zero (0) points to fifteen (15) points, and rounded to the nearest one-hundredth (1/100) of a point. For example, a project which includes 85.6% of leveraged funds will receive 12.84 points ( $.856 / .06667 = 12.839$ ).

Projects in a rural area will be scored as follows:

- The percentage of leveraged funds (from 0% to 100%) will be divided by .06 to arrive at a score and rounded to the nearest one-hundredth (1/100) of a point. Any score in excess of 15 points will be adjusted down to exactly 15 points. For example, a project which includes 85.6% of leveraged funds will receive 14.27 points ( $.856 / .06 = 14.266$ ).

Priority will be given to projects that demonstrate the highest leverage percentage of non-Department resources, including HTF to other private resources.

## 5 Additional Program Requirements

### 5.1 Affirmative Fair Housing Requirements

The State of Maryland has a compelling interest in creating fair and open access to affordable housing and promoting compliance with state and federal civil rights obligations. Fair Housing requirements apply to

the full spectrum of housing activities including but not limited to outreach and marketing, the qualification and selection of residents and occupancy.

Eligible applicants must include a certification that the project will develop and implement an Affirmative Fair Housing Marketing Plan (AFHMP) using form HUD-935.2A.

To provide the greatest access to housing opportunities by Maryland's residents, all AFHMPs must include, at a minimum, the following provisions:

- Prohibit income requirements for prospective tenants under the Section 8 Tenant-based Assistance: Housing Choice Voucher program, VASH, HOME Tenant-based Rental Assistance or similar voucher programs;
- Eliminate local residency preferences;
- Ensure access to leasing offices for persons with disabilities;
- Provide flexible application and office hours to permit working families and individuals to apply;
- Encourage credit references and testing that take into account the needs of persons with disabilities, special needs or homeless families; and
- Give prompt written notification to any rejected applicant describing the ground for any rejection.

An owner of HTF-assisted rental housing must comply with the affirmative marketing requirements above, and adopt and follow written tenant selection policies and criteria that:

- Limit the housing to income eligible families;
- Are reasonably related to the applicant's ability to perform the obligations of the lease;
- Limit eligibility or give preference to a particular segment of the population if permitted in its written agreement with the grantee (and only if described in the grantee's consolidated plan) and preference is established in accordance with the requirements further detailed in this section;
- Do not exclude applicants with vouchers under the Section 8 Tenant-based Assistance: Housing Choice Voucher Program or HOME Tenant-based Rental Assistance; and
- Provide for the selection of tenants from a written waiting list in the chronological order of their applications, insofar as is practicable.



## 5.2 Tenant Selection

There must be a written lease between the tenant and owner of HTF-assisted rental housing for a period of not less than 1 year, unless a shorter period is mutually agreed upon. The lease may not contain any of the following provisions:

- Agreement to be sued;
- Treatment of property;
- Excusing owner from responsibility;
- Waiver of notice to be sued;
- Waiver of legal proceedings;
- Waiver of a jury trial;
- Waiver of right to appeal court decision;
- Tenant chargeable with cost of legal actions regardless of outcome; and
- Mandatory supportive services.

## 5.3 Other Additional Requirements:

HTF projects must also meet the following requirements:

- Initial Rents and Utility Allowances. The Department will establish maximum monthly allowances for utilities and services and annually review and approve rents proposed by HTF-assisted project owners;
- Tenant Income and Over-Income Tenant. Project owners must determine tenant eligibility by calculating the household's annual income using the definition of income, 24 CFR part 5.609. Income determinations are conducted at initial occupancy and the project owner must re-examine each tenant's annual income each year during the period of affordability. For HTF units that also receive project-based rental assistance, annual income must be reexamined based on the rules applicable to the project-based assistance. HTF-assisted units continue to qualify as affordable housing despite a temporary non-compliance caused by increases on the income of the existing tenants. When that occurs, grantees must make every effort to bring the units back into income compliance as soon as it is feasible; and
- Fixed and Floating HTF Units. In a project containing both HTF-assisted and other units, the grantee will designate fixed or floating HTF units at the time of project commitment in the written agreement between the grantee and the recipient. The actual HTF units must be identified not later than the time of project completion. Fixed units remain the same throughout the

affordability period and floating units are changed to maintain compliance with the requirements of 24 CFR §93.302(g) during the affordability period.

- Referrals. DHCD intends to establish a web-based process for service providers to connect their target population-eligible clients to available unit's set-aside for that specific targeted population. When such a system is created by DHCD, applicants seeking HTF funding for any and all set-aside target population units must agree to provide notice of unit availability and accept tenant referrals from such a DHCD system.

## 6 Development Quality

### 6.1 Property Standards

Projects are eligible for HTF funds only if the housing will meet the applicable property standards upon completion. All HTF – assisted projects must meet all applicable State and local codes, ordinances and zoning requirements. In the absence of those codes, the housing must meet the International Residential Code or International Building Code (as applicable). All HTF - assisted projects (both new construction and rehabilitation) must meet the following requirements:

- The accessibility requirements of 24 CFR part 8, Titles II and III of the Americans with Disabilities Act implemented at 28 CFR Parts 35 and 36; and 24 CFR 100-205 as applicable; and other improvements that are not required by the regulations or statute that permit use by a person with a disability;
- The energy efficiency standards established pursuant to Section 109 of the Cranston-Gonzalez National Affordable Housing Act;
- Where relevant, the housing must be constructed or rehabilitated to mitigate the impact of the potential disasters, in accordance with applicable State and local codes, ordinances, and requirements, or other requirements established by HUD.
- The Department will review and approve written cost estimates and ensure that construction contracts and work will meet the all applicable standards; and
- The Department will conduct initial, progress and final inspections to ensure work is done in accordance to work write-ups/ architectural specification.
- The Department will determine the useful life of major system through a capital needs assessment and require a replacement reserve when the useful life of systems is less than the affordability period

- The housing must meet the lead-based paint requirements at 24 CFR part 35;
- All housing must be decent, safe, sanitary, and in good repair as described at 24 CFR 5.703. HUD will establish the minimum deficiencies that must be corrected under these rehabilitation standards based on inspectable items and inspectable areas from the HUD prescribed physical inspection procedures (Uniform Physical Condition Standards) pursuant to 24 CFR 5.705

### **6.1.1 Health and Safety Violations**

Health and safety violations can be divided into non-life threatening and exigent, life threatening conditions. Non-life threatening violations include items such as pavement and walkway problems that create the potential for tripping and falling; missing or non-functioning sinks and bathroom components in individual units that impair human sanitation; missing exterior doors; and floor covering damage. Such violations must be addressed within thirty (30) days.

If the housing is occupied at the time of the rehabilitation, exigent health and safety and fire hazards must be addressed immediately (within 72 hours) because of their life-threatening potential. Exigent health and safety violations include exposed electrical wires or water leaks on or near electrical equipment; propane/natural gas/methane gas detected; emergency/fire exits that are blocked; unusable fire escapes; gas or oil fired hot water heaters with missing or misaligned chimneys that pose carbon monoxide hazards. Fire safety hazards include missing or inoperative smoke detectors; fire extinguishers expired or window security bars preventing egress from a building.

In addition, all rehabilitation projects must meet the NHT, and HOME rehabilitation standards (attached as Exhibit B).

## **6.2 Maximum Per-Unit Development Subsidy**

As a Housing Credit Agency (HCA) and the administrator of HOME funds for over twenty-five years for the state of Maryland, DHCD is charged with determining project cost reasonableness on an annual basis. As detailed in the Department's Qualified Allocation Plan and Financing Guide, DHCD has established limits on the dollar amount of construction costs per square foot statewide. While some unique aspects of a given project may reasonably require greater investment (for example, redevelopment of a historic building on a brownfield site), DHCD also wants to encourage selection of projects that achieve various public goals—including taking on challenging sites, building high quality projects, and serving populations with unique needs—while still doing so for competitive costs. DHCD will review the cost limits annually

and revise them as appropriate based on market conditions and information provided by published cost indices, such as McGraw Hill’s Engineering News Record. As such, the current construction costs (revised June 2020) per square foot promotes competitive cost. With that taken into consideration, the maximum per-unit development subsidy amount established will be based on the Maryland HOME Subsidy Limit (effective for 2020). At no time will the per-unit development subsidy exceed the Maryland HOME Maximum Subsidy 2020 Limits; these limits are:

| <b>Unit Size/Number of Bedrooms</b> | <b>HOME Subsidy Limit (effective 10/18/19)</b> |
|-------------------------------------|------------------------------------------------|
| 0                                   | \$153,314                                      |
| 1                                   | \$175,752                                      |
| 2                                   | \$213,718                                      |
| 3                                   | \$265,228                                      |
| 4                                   | \$291,136                                      |

Additionally, the Departments New Construction or Rehabilitation Cost Limits are as follows:

| <b>Type of Building</b>                                                  | <b>New Construction</b> | <b>Rehabilitation</b> |
|--------------------------------------------------------------------------|-------------------------|-----------------------|
| Cottage, Single Family, Semi-detached Dwellings, and Townhomes           | \$ 191                  | \$ 196                |
| Garden Apartments                                                        | \$ 160                  | \$ 122                |
| Non-elevator Stacked Units and Elevator Buildings with 4 stories or less | \$ 174                  | \$ 143                |
| Elevator Buildings of 5 or more stories                                  | \$ 191                  | \$ 148                |

**For more information about Multifamily Construction Cost Limits please contact:**

[DHCD.RentalHousing@Maryland.Gov](mailto:DHCD.RentalHousing@Maryland.Gov)



**Maryland Department of Housing and Community Development  
7800 Harkins Road, Lanham, Maryland 20706**

**The Maryland Department of Housing and Community Development (DHCD) has established the following rehabilitation standards as the primary document for identifying and correcting sub-standard conditions in dwellings being rehabilitated with National Housing Trust and/or HOME funds.**

**REHABILITATION STANDARDS  
FOR DHCD MULTIFAMILY HOUSING PROGRAMS INCLUDING NHT AND  
THE HOME PROGRAM**

“Rehabilitation” is defined as “the process of restoring a property to the greatest degree of usefulness, through repair or upgrade, creating an energy efficient contemporary use while preserving those portions and features of the property which are significant to its historic, architectural and cultural values.”

The purpose of these standards is to establish minimum guidelines when the Department of Housing and Community Development (DHCD) undertakes a rehabilitation project funded in whole or part with NHT and/ or HOME (State or Federal) funds.

DHCD requires that all housing units and building exteriors receiving rehabilitation work be brought up to the Maryland Building Performance Standard (COMAR 05.02.07), or county codes whenever more restrictive, and meet minimum livability codes. All work must be performed within industry standards and be of acceptable quality. Upon completion of any project all major systems must have a remaining useful life of a minimum of twenty (20) years, if not; replacement of components will be required. Major systems include structural framing, roofing, cladding and weatherproofing (e.g., windows, doors, siding, gutters), plumbing, HVAC, electrical and elevators.

All materials used in connection with DHCD financed projects are to be new, above Builder Grade quality and without defects.

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## **I. GENERAL REQUIREMENTS**

### **Working Hours**

All work at the site, unless otherwise agreed upon as part of the Construction Contract, shall be performed during regular/business working hours. Regular/normal, or otherwise, working/business hours will be specified in the Construction Contract between the Owner(s) and the General Contractor.

### **Guaranties and Warranties**

General Contractor shall guarantee the work performed for a period of one year from the date of Substantial Completion, as represented by a fully executed AIA Document G704 Certificate of Substantial Completion with a 2.5% of Construction Contract dollar volume Latent Defect, or Maintenance, Bond. Upon notification by the property owner and at the contractor's sole expense, the contractor will correct any and all defects due to unacceptable workmanship and/or materials and/or damages resulting thereby. Contractor shall furnish the property owner with Operation & Maintenance (O&M) Manuals minimally containing all manufacturers and supplier's written guarantees and warranties, as applicable, covering materials and equipment furnished under the construction contract.

### **Permits**

The General Contractor must apply for and have issued all required grading or trade permits prior to the start of any work. Building permits are by Owner. Permits for specific trades must be obtained prior to the specific trade starting work. Contractor is responsible for securing all required permits unless otherwise stated in the scope of work.

### **Safety**

The contractor will be responsible for all safety precautions and programs in connection with the work. The contractor must take all necessary precautions for the safety of, and provide all necessary protection to prevent damage, injury or loss to (i) residents, employees and other persons who may be affected; (ii) the work and all materials and equipment whether in storage on or off the site; and (iii) other property at or adjacent to the site, including trees, shrubs, lawns, walks, pavements, roadways, structures and utilities not slated for removal, relocation or replacement during the course of construction. The contractor must comply with all applicable laws, ordinances, regulations and order of any public authority having jurisdiction for the safety and protection of persons or property. The contractor must establish and maintain all necessary safeguards for the duration of the contract. This shall include posting of signage and other warnings against hazards, disseminating safety regulations, and

notifying the Owner and residents of the posting. Materials identified as toxic waste such as, but not limited to, lead and asbestos, must be removed or remediated in accord with applicable federal, state and local regulations by companies licensed to do so.

### **Subcontractors**

Subcontractors will be bound by the terms and conditions of the Construction Contract insofar as it applies to their work. The General Contractor is directly responsible to the owner for the proper completion of all work under the contract and shall not be released from this responsibility by any arrangement they may have with any subcontractor(s).

## II. **GENERAL SITE CONDITIONS AND EXTERIOR BUILDING CRITERIA (for specific information refer to Building Evaluation Report (BER) and/or Environmental Site Assessment (ESA)**

### **SITE CRITERIA**

#### **Positive Drainage**

All drainage on a site to drain away from building(s). Slope shall have a 6 inch drop within 10 feet. Drainage should be toward a street, alley, or easement, and be facilitated by elevation around structures or design to include the construction of swales.

#### **Cleanup**

At all times the premises must be kept in a clean and well-organized manner free from construction materials and waste. All debris, trash, waste and surplus materials including excess dirt, tree and shrubs, etc., must be removed from the job site and shall be disposed of by legal means by recycling where feasible, or, to a proper land fill. Remove any temporary containers or structures that are located on site and legally dispose of all debris resulting from construction activities. At a minimum, exterior spaces shall be yard raked and free of all construction related debris before ground is seeded/stabilized and/or sodded.

#### **Trees**

Trees that are too close to the structure or threaten the structure shall be trimmed or removed. Otherwise, shade trees shall be preserved whenever possible.

#### **Landscaping**



Refer to contract documents for landscaping scope of work. Where soil is disturbed for installation of water and sewer, or to remove unneeded sidewalks or outbuildings, etc., plantings or grass seed and straw shall be provided to cover bare soil.

### **Paving and Walks**

Deteriorated, cracked or unleveled essential walkways, such as accessible route, will be removed and replaced. Non-essential paving such as unnecessary sidewalks will be removed and appropriately landscaped.

Any areas of failed paving to be removed and replaced under the supervision of Soils Technician. Paving to be milled and overlain or resurfaced as recommended in BER.

### **Soil Treatment**

**Play Areas:** Bare soil play areas frequented by children under the age of six years shall be tested for arsenic, lead content. Any bare soil over 400 parts per million (ppm) of lead shall be covered per Maryland Department of the Environment (MDE) regulations, or, minimally, with a reinforced landscape cloth and impermanent surface covering e.g. gravel, bark, sod, or artificial turf with no lead content. Loose impermanent covering such as bark or gravel shall be applied in a thickness of not less than 6 inches.

**Other Bare Soil:** Bare soil outside of play areas shall be tested for lead content. Bare soil over 1200 ppm of lead and totaling more than 6 square feet per property shall be covered with a reinforced landscape cloth or other impermanent surface covering, an interim control measure which prevents children access to the bare soil. Soil lead levels above 5000 ppm of lead require abatement of the soil. Abatement shall include removal and replacement of soil or covering with concrete or other permanent barrier considered to have a life span of 20 years or more.

### **Outbuildings**

#### **Repair Standard**

Unsafe and blighted structures, including outbuildings, sheds, garages and barns, will be removed if it is not financially feasible to complete the repairs required to make them structurally sound and weatherized with lead hazards stabilized.

#### **Replacement Standard**

No removal/replacement of outbuildings is allowed unless the work is reviewed and approved by DHCD on a case-by-case basis.

### **Lifts**

Lift requirements shall be determined based on mobility needs of proposed tenants. Manufacturer's installation instructions, specifications, and all necessary components, including but not limited to, required permits/inspections, to complete the project will be followed. Contractors licensed by the State of Maryland to perform the work will perform all work within industry standards.

#### **Repair Standard**

Unsafe or inoperable lifts will be repaired, if components are able to be repaired according to Manufacturer's instructions, specifications, including but not limited to, required permits/inspections, to complete the project will be followed. Contractors licensed by the State of Maryland to perform the work will perform all work within industry standards.

#### **Replacement Standard**

Unsafe or obsolete lifts will be replaced, if any components are unable to be repaired according to Manufacturer's instructions, specifications, including but not limited to, required permits/inspections, to complete the project will be followed. Contractors licensed by the State of Maryland to perform the work will perform all work within industry standards.

## **EXTERIOR BUILDING CRITERIA**

### **Access**

All access to residential structures must meet accessibility requirements in 24 CFR part 8 including any additional local code requirements and accessibility standards.

### **Exterior Paint**

Any exterior painting must meet lead-based paint requirements at 24 CFR 35.

#### **Repair Standard**

All lead paint shall be stabilized using lead-safe practices and performed by contractor(s) licensed by the State of Maryland to perform lead paint remediation work.

#### **Replacement Standard**

Leaded components shall be replaced, encapsulated and/ or the paint removed by Lead Safe certified contractors to create a lead-free exterior using lead-safe practices and following all Maryland Historic Trust (MHT) and Local Preservation Office's requirements.

## **Exterior Cladding**

### **Repair Standard**

Siding and trim will be intact and weatherproof. All exterior wood components shall have a minimum of two continuous topcoats of exterior grade paint and one coat of back prime. All exterior painted surfaces will be free of any peeling, flaking or deteriorated paint.

### **Replacement Standard: Minimum Useful Life: 10 Years**

Durable siding over house wrap, or replacement of original materials with in-kind materials and design, where cost-effective.

## **Exterior Porches**

### **Repair Standard**

Unsafe or unsightly porches will be repaired to conform closely to historically accurate porches in the neighborhood or with in-kind material and design approved by the MHT. Porch repairs will be structurally sound, with smooth and even decking surfaces.

### **Replacement Standard: Minimum Useful Life: 10 Years**

Deteriorated wood porches shall be rebuilt with preservative treated structural lumber using manufacturer's recommended fasteners and suitable exterior decking material. Masonry elements shall be rebuilt with masonry.

## **Exterior Steps and Decks**

### **Repair Standard**

Steps, stairways, and porch decks will be structurally sound, reasonably level, and trip free with smooth, even surfaces.

### **Replacement Standard: Minimum Useful Life: 20 years**

New steps and stairways shall be constructed of preservative treated lumber using manufacturer's recommended fasteners in conformance with local code, or of masonry. Porch decks shall be replaced with suitable exterior decking material.

## **Exterior Railings**

### **Repair Standard**

Handrails will be present on one side of all interior and exterior steps or stairways with more than four risers, and guard railings are required around porches or platforms over 30 inches above ground level. Railing repairs will be historically sensitive. All handrails shall be easy to grasp and shall have 'returns' to wall surface at each end of the handrail.

### **Replacement Standard: Minimum Useful Life: 15 Years**

## **Exterior Hardware**

### **Replacement Standard**

Every dwelling unit will have a mailbox, or mail slot, and minimum Grade 2 exterior door hardware.

## **Concrete, Steps and Landings**

### **Repair Standard**

Steps, stairways, and porch decks will be structurally sound, reasonably level, with smooth and even surfaces with no slip, trip or fall issues.

## **III. FOUNDATION CRITERIA**

Any exterior painting must meet the lead-based paint requirements at 24 CFR 35.

### **Foundations**

#### **Repair Standard**

Foundations will be sound, reasonably level, and free from movement and subject to an engineering review if determined by DHCD.

#### **Replacement Standard:**

Must meet state and local building code.

### **Stability**

The foundation must be structurally sound and the top of foundation - at base of structure - must not be significantly out of level.

The foundation may be constructed of concrete block, stone, piers or solid concrete on footing designs in accord with state and/or local regulation.

Reconstruction of foundations must adhere to state and/or local foundation design code including depth, installation of rebar, etc. Lack of stability beyond a reasonable level that would create an unsafe condition will preclude rehabilitation being undertaken. The type of foundation construction may vary (i.e. brick, solid concrete, stone, concrete block or piers) for geographic regions throughout the State but all must be structurally sound and meet the State and Local Building Codes.

### **Collapsed Sections**

Collapsed sections of foundations must be reconstructed as prescribed by state/local code or a stamped engineer's blueprint including engineer's recommended sequence of construction. Consideration should be given to the degree to which the remaining foundation meets minimum standards.

### **Cracks**

Inspect and evaluate foundations to identify cracks. All cracks must be filled with non-shrink grout or other appropriate materials. All cracks with more than a 1/4 inch spread shall be investigated by a licensed engineer and have an appropriate treatment applied.

### **Foundation, Vent**

All foundations with a crawl space must be adequately vented to meet code requirements. Foundation vents must be screened, louvered and operational. Flood vents are required for properties located in FEMA designated flood zones.

### **Spalling Foundation**

Spalling refers to the condition exemplified by crumbling or, weak, localized areas of concrete. Where these conditions exist, foundations must be reviewed by a licensed contractor, and if necessary, corrected with a design provided by a Structural Engineer licensed in the State of Maryland.

## **IV. STRUCTURAL INTEGRITY CRITERIA**

### **Defined**

Structural Integrity means that the foundation, roof, walls and floor system must not show any significant signs of movement or deterioration/damage. The foundation shall be intact without any signs of leaning, sagging, etc. Shell and foundation shall be of standard construction and be covered by durable, weather-tight and appropriate building exterior material.

### **Bearing Walls**

Identify and inspect bearing walls, beams, supports for proper construction and structural integrity. Repair or replace with in-kind material, or, by accepted industry standard, to maintain integrity of the structure. No bearing walls may be removed when undertaking rehabilitation unless appropriate alternative construction support design is installed per all state/local regulations to permit a safe working environment and compensate for the structural removal.

### **Existing Additions**

All additions to residential structures must be permitted, be on a properly constructed foundation and must not evidence separation from the original structure.

### **Structural Walls**

#### **Repair Standard**

Structural framing and masonry shall be free from visible deterioration, rot, or termite/insect damage and be adequately sized for current loads. Prior to rehab, all sagging floor joists or rafters will be visually inspected to determine cause. Repair by replacing or by sistering as required. Significant structural damage and its cause must be identified and corrected.

#### **Replacement Standard**

Newly constructed structural walls must meet State and Local building code and be inspected prior to close-in.

### **Firewalls**

#### **Repair Standard**

Party walls shall be maintained without cracks and finish deterioration. Removal/replacement of wall surface to be 5/8 inch type X gypsum, glued and screwed to studs equal to UL rated 2-hour fire rating.

**Replacement Standard: Minimum Useful Life: 10 Years**

## **V. BUILDING ENVELOPE CRITERIA**

Any repairs must meet the lead-based paint requirements at 24 CFR 35.

### **Siding Material**

All siding must be weather tight and in good condition. If the siding has a remaining useful life of less than 5 years it should be repaired or replaced with in-kind materials wherever possible and be approved by the State Historic Preservation Office where applicable.

Existing asbestos siding in good condition is not inappropriate as a siding material. Repair/replace broken, detached or fraying siding by a licensed contractor per Maryland Department of the Environment (MDE) regulations.

Asphalt siding is considered to be an inappropriate material by the Fire Marshal. In accord with state and local regulations, a fire retardant siding material may cover this material when rehabilitation is undertaken.

Paneling, untreated plywood, sheetrock and other materials that are not rated for exterior application are deemed inappropriate and must be removed.

All siding must be installed in accordance with manufacturer's recommendations. The installation of any air sealing or weatherization shall be performed per Building America Best Practices, Vol. 4 and/or state and local code.

### **Painting and Exterior Walls**

Correct chipping, cracking and deteriorating paint using Lead Safe certified contractor per federal, state and local regulations. If the structure was built prior to 1978, the local or state regulations may require that a lead-based paint analysis be conducted. Lead-based paint hazard reduction work may only be performed by qualified contractors that meet all EPA, MDE requirements.

### **Historic Considerations**

All structures in historic districts or those with architectural features that exemplify unique architectural characteristics must be given special consideration. The State Historic Preservation Office shall be involved in making specific decisions affecting these projects.

## **VI. ROOFING CRITERIA**

### **Roofing Specifications**

Remove and dispose of all existing roof material and defective sheathing using CDX plywood, or other roof deck material of matching thickness.

Install new ridge vent, preformed aluminum drip edge, and vent pipe boots. Replace all flashing. Valleys and eaves shall have ice and water shield; fasten 15 lb. felt, or synthetic underlayment, and install fiberglass asphalt shingles with a 30-year warranty. Install shingles over ridge vent. No roof shall exceed two layers of asphalt shingles.

### **Trusses and Supports**

Install engineered trusses 24" on center to match existing profile, 5/8" CDX plywood sheathing and 30-year fiberglass asphalt shingles over 15 lb. felt. Extend the chimney and plumbing vents, through a 5/8" plywood roofing deck.

Unless otherwise specified, all material shall match existing as closely as possible for material, style, color and method of installation. Seal all edges. Flash and caulk all adjoining surfaces and make weather tight. Replace all flashing, roofing accessories and nails using rust-resistant material. Install all roofs in one continuous operation. .

### **Slope Requirements**

Minimum roof pitch shall be four inch to one-foot rise for shingled roofs. Roof areas not having minimum slope should be considered for reconstruction or replaced with standing seam, membrane, or other suitable roofing product. Installation shall be to code and manufacturer's recommendations.

### **Pitched Roofs**

#### **Repair Standard**

Missing and leaking shingles and flashing shall be repaired on otherwise functional roofs. Slate roofs shall be repaired in-kind.

#### **Replacement Standard: Minimum Life: 30-Years**

Fiberglass asphalt, three-tab, weighing 220-240 lbs., 30-year warranty shingles with continuous ridge vent stopping one foot from both ends. Energy-Star rated wherever feasible.

### **Flat and Low Slope Roofing**

#### **Repair Standard**

Remove and replace any localized damage, or area of leak, with in-kind material by a certified roofing company.

#### **Replacement Standard: Minimum Useful Life: 10 Years**

Fully adhered EPDM over insulation board. Or Install a 3-ply built-up fiberglass roof of one coated glass base sheet and two plies of Type IV fiberglass, hot mopped. Install gravel stop, flashing and vent collars with .019 aluminum. Flood coat & embed aggregate. Or Install 90 lb. mineralized fiberglass roll roofing using a 4" minimum overlap, fastened per manufacturer's specs.

### **Fascia and Soffit Board**

Fascia shall be 2x dimensional lumber wrapped with pre-bent vinyl clad aluminum fascia. Replace damaged, worn and/or aged soffit material. Install vented vinyl soffit that simulates beaded T&G soffit material. Include all trim accessories.



## **Chimneys**

Install brick chimney, on the original footing, including one 8"x 8" terra cotta flue liner and cement wash at top. Install or replace chimney cap with a 2' x 2' metal or precast concrete cap cemented in place.

### **Repair Standard**

Structurally unsound chimneys shall be repaired or removed and replaced by a licensed contractor. When chimneys are to be used for combustion ventilation, they shall be relined. Repair chimney above roof area by cutting out mortar at least ½", removing all loose material and repointing using Portland cement mortar or equivalent. Saturate joints with water before applying mortar. Match color as closely as possible. Replace all missing or defective materials with matching materials. Clean mortar and other debris from adjoining surfaces and gutter.

### **Replacement Standard: Minimum Life: 20 Years**

Fireplace flues may not be reconstructed in this program. Replacement furnace flues shall be metal double- or triple-walled as recommended by the furnace manufacturer.

## **Gutter/Downspout**

Gutters and downspouts must be in good condition. Gutters and downspouts are to be installed to direct storm water away from residence. All standard gutters to be .027 gauge thicknesses, 5 inch "K" style, seamless. Downspouts and elbows are to match gutters and be properly fastened with preformed straps and pop rivets. Properly angled concrete splash blocks or extensions are to be installed at the end of each downspout. Install downspouts at each corner and major offsets with straps 3' on center. Gutter guards are not permitted unless the residence is located in an extensively wooded setting and the owner is not physically capable of maintaining the gutters.

## **VII. INTERIOR COMPONENT CRITERIA**

Any interior repairs must meet the lead-based paint requirements at 24 CFR 35.

### **Interior Standards Lead-Containing Components**

#### **Repair Standard**

Particular attention must be considered in dwelling units built in and before 1978. Deteriorated lead-based paint on walls, trim, doors, and cabinets must be stabilized using lead-safe work practices. A liquid encapsulate can be applied on components when the surface is deemed suitable for such coatings, otherwise, other encapsulate methods may be used. All work to be performed by contractor(s) licensed by the State of Maryland to perform lead paint remediation work.

### Replacement Standard

When funding is sufficient, lead-containing walls, trim, doors and cabinets identified during a lead-paint inspection can be replaced or enclosed as appropriate.

### Flooring

#### Repair Standard

Bathroom and kitchen floors shall be rendered smooth and cleanable using polyurethane or by being covered with water-resistant vinyl flooring or ceramic tile. Damaged wood floors may be repaired with in-kind material. Basement floors shall, minimally, be continuous concrete.

#### Replacement Standard: Minimum Life: 6 Years

Baths shall receive vinyl sheet goods over plywood underlayment or ceramic tile over cement bed. Kitchens shall be vinyl composition tile over plywood or ceramic tile over cementitious underlayment. New basement slabs shall be at least 4" standard reinforced slab on grade.

### Closets

#### Repair Standard

All bedrooms shall have closets with a door, clothes rod, and shelf.

#### Replacement Standard: Minimum Life: 15 Years

All bedrooms shall have a minimum of one 4' long by 2' wide closet with swing, or sliding, doors and wire shelf.

### Interior Walls and Ceilings

#### Repair Standard

All holes and cracks shall be repaired to create a continuous flat surface and any deteriorating paint should be stabilized using lead-safe measures. Minimum height for habitable rooms is 7' 6".

#### Replacement Standard: Minimum Life: 10 Years

Walls shall be plumb, ceilings level with a smooth finish on at least ½" (5/8" type X for ceilings) gypsum and/or plaster.

Additional Reference: American Gypsum Association

### Hazardous Materials

#### Repair Standard

Asbestos, lead paint, and other hazards, when identified, shall be addressed in conformance with applicable local, state, and federal laws. If lead abatement or asbestos remediation is part of the project, rehabilitated properties shall be cleaned to pass a lead dust clearance test to the levels prescribed by federal, state and local regulations.

### **Lead Paint**

A lead-based paint analysis should be conducted on houses constructed prior to 1978 that evidence chipping, flaking, cracking and otherwise deteriorating paint. If testing reveals the existence of lead-based paint surfaces, they must be removed or covered as prescribed by federal, state and local Lead-Based Paint regulations. All housing must meet the lead-based paint requirements at 24 CFR 35.

### **Fire Barriers**

Five-eighth inch Type X sheetrock is required under joist in garages that have a living area above them and on walls in garages adjoining living quarters. Five-eighth inch Type X sheetrock is also required when another structure is within five feet of the wall being reconstructed as part of the rehabilitation activity. No cardboard materials, paper materials, tarpaper, or exterior insulation materials, such as fiberboard, will be permitted in for use at interior walls.

### **Damaged Interior Walls**

Holes in sheetrock must be repaired and precautions taken to prevent future damage by installation of doorstops, blocking, or other necessary measures. Water damaged sheetrock must be removed and replaced once inspection to determine cause is complete. In bathrooms, waterproof green, or blue sheetrock or other similar drywall material must be utilized. Interior walls with decayed sheetrock must be repaired by removal and replacement with new sheetrock followed by appropriate level of finish.

### **Ceilings**

All cracked or deteriorating ceilings require an inspection to determine the cause. Correct underlying problem before the ceiling is repaired. Cracks must be properly repaired with finish restored and the ceiling completely repainted when treated.

### **Bath and Shower Areas**

When there is decaying ceramic wall tile or plastic tile in bath or shower areas, the deteriorated finishes and substrate must be removed. Water proof sheetrock – or cement backer board, at ceramic tile – must be installed and reused or new tile installed, grouted, sealed and edges caulked.

### **Stairwell**

Stairs shall have no slip/trip hazards.

All stairways must have continuous handrails on at least one side of stairwell, 34 to 36” from top of nosing and handrail grip shall be at least 1-½ inches in width.

## **VIII. KITCHEN FACILITIES CRITERIA**

### **Minimum Cabinet Requirements**

All kitchens must have sufficient base cabinets/countertops to house a kitchen sink and provide sufficient usable countertop area and upper cabinets to optimize kitchen storage areas. Replace all Unsanitary or nonfunctional cabinets. Replacement cabinets must be of mid-grade quality, plywood box construction.

### **Counter Tops**

All countertops showing evidence of wear, water damage, delamination of surface material, etc. must be replaced. New counter tops, minimally, shall be laminate Formica type material and shall include back splash, finished ends or approved equal.

### **Faucets**

All kitchen plumbing must be inspected by a licensed plumber to ensure that faucets and drainpipes work properly. Installation of new countertops requires sink removal and, with few exceptions, new sinks and faucets must be provided. All new sinks must be vented as prescribed by the Uniform Plumbing Code (UPC). New faucets shall be Water Sense rated fixtures.

### **Flooring**

Worn flooring with delaminating, or, missing tiles, and/or cracked, peeling areas, etc., require new flooring be installed. Worn carpeting may not show trip/fall hazard and must be replaced where these condition occur. The use of indoor/outdoor carpeting is discouraged. Replacement of carpet with 10-year warranty vinyl or laminate floor covering is acceptable.

### **Lighting and Electrical**

GFCI outlet receptacles will be installed as required to meet National Electric Code (NEC). Minimum lighting in kitchen will consist of one lighting fixture in the kitchen/cooking area and one lighting fixture in an adjoining eating/dining area. The use

of Energy Star rated light fixtures is recommended at replacement locations, fluorescent lighting is an acceptable alternative.

## **IX. BATHROOM CRITERIA**

### **Minimum Requirements**

The minimum standard in a residential structure is as follows: One functional toilet, lavatory, towel rack, ring or hook and either a shower or a bathtub. Any additional bathrooms in a house, at minimum, must contain a toilet, towel rack, ring or hook and a sink.

### **Sinks**

All faucets must have sufficiently accessible hot and cold water levers and must be in good functioning condition. The sink must have a proper drain with P-trap and be vented to the outside as prescribed by the Uniform Plumbing Code. A shut-off valve at the water line connection is required when replacements are made. Use Water Sense rated fixtures for all plumbing fixture replacements. Inspection of bathroom plumbing by a licensed plumber to be conducted in conjunction with the above.

### **Ventilation**

All bathrooms must have an operational window or a functional electric exhaust vent fan vented to the exterior.

### **Doors**

All bathroom doors must be functional.

### **Flooring**

Existing bathroom flooring must be inspected at the base of the toilets to ensure that leaking is not occurring. When leaking has occurred and sub floor has rotted, the sub floor must be removed and replaced in-kind, or, minimally, by 3/4" plywood. Whenever a toilet is removed or installed for any purpose, new toilet wax-ring gaskets must be used. Finish flooring material that permits water to seep into the sub floor is unacceptable. Finish floor shall be sealed ceramic tile on proper setting bed or 10-year warranty sheet goods installed continuously and properly sealed at all termination points.

### **Bathroom Lighting**

All bathrooms must have at least one light that can be switched from the inside. Lights switched from the outside generally do not need to be relocated, unless the room is being rewired. Any electrical outlet installed or upgraded must be GFCI outlet receptacles and installed as required to meet NEC.

## **X. BEDROOM CRITERIA**

### **Closets**

All bedrooms must have access to closets for storage or clothing. On existing housing, closets in adjoining hall areas are acceptable.

### **Lighting**

All bedrooms must have one switchable light fixture, preferably in the interior of the bedroom next to the entrance.

### **Outlets**

Use of extension cords is discouraged and additional outlets should be provided whenever possible to avoid their use. Any new bedroom receptacle circuits shall have ARC protection circuit interruption protection with receptacles located according to building code as well as NEC requirements.

## **XI. GENERAL ELECTRICAL CRITERIA**

A licensed electrician shall inspect all wiring, motors, fixtures and devices for proper function, shorts, defects, etc. Adhere to NEC for compliance. Non-functioning and dangerous equipment shall be replaced with new Energy Star rated equipment. Wiring, devices and fixtures, where replaced, shall be replaced with appropriately sized code-compliant wire, outlets, devices and fixtures with Energy Star rated products where applicable.

### **Electric Service**

#### **Repair Standard**

Main distribution panels shall be adequate to safely supply power to all existing and proposed electrical devices and meet NEC and local codes.

#### **Replacement Standard**

If electrical demand requires a heavy-up, or replacement, the new service panel shall conform to the Current NEC and local code. Upgrades shall be 200 amp, main

disconnect, 110/220 volt, 32 circuit panel board, and, if required, meter socket, weather head, service cable and ground rod and cable. Seal exterior service penetration.

### **Knob and Tube Wiring**

Knob and tube wiring in attics is not acceptable when insulation covers the wires. This type of wiring needs to expel heat through the insulation and is considered to be a potential fire hazard when covered by insulation. Knob and tube wiring in attics must be replaced with code-compliant wire whenever replacement is undertaken. Knob and tube wiring may be left intact in walls where insulation is not to be accomplished. Consult a licensed electrician to ensure code compliance and safety.

### **Ground Faults**

Ground fault electrical outlets must meet local code and NEC.

### **Alarms**

Smoke Detector: Install a UL approved ceiling mounted fire/smoke/carbon monoxide detector interconnect and permanently wire into a receptacle box or provide a lithium battery operated fire/smoke/carbon monoxide detector on all floors to code.

Carbon Monoxide Detector: While all dwellings should have a carbon monoxide detector, any dwelling heated by fossil fuel must have one.

### **Safety Considerations**

No hanging wires are permitted. All light fixtures should be inspected to ensure that they are solidly hung and that the electrical connections have not been loosened. All electrical fixtures that evidence wear must be replaced with new fixtures. All electrical outlets, switches and/or junction boxes must have cover plates. Any switches or outlets which are non-functional must be inspected by a licensed electrician and be repaired or terminated. Provide light switches to basement areas, particularly when there is an open staircase. Exterior lighting shall be weather proof.

### **Exterior Electric**

#### **Repair Standard**

All entrances will be well lighted and either switched at the interior side of the door, or the light will be controlled by a photoelectric cell. Motion activated security lighting will be installed at the rear and sides of properties where indicated to increase safety. All dwelling units will have at least one exterior, GFCI protected, electrical receptacle.

**Replacement Standard:** NA

### **Interior Electric Distribution**

#### **Repair Standard**

Exposed knob and tube shall be replaced. Every room will have a minimum of two duplex receptacles, or, as stated in the NEC, placed on separate walls and one light fixture or receptacle switched

At each room entrance. Receptacles will be grounded where the source wiring circuit is accessible (i.e. first floor above basements, in gutted rooms, etc.). All switch, receptacle, and junction boxes shall have appropriate cover plates. Wiring shall be free from hazard and all circuits shall be properly protected at the panel. Floor receptacles shall be removed and a metal cover plate installed. All electrical systems shall be installed per NEC.

#### **Replacement Standard: Minimum Life: 15 Years**

When wall finish surfaces are removed, the room shall be rewired to the latest version of the National Electric Code (NEC).

### **Ground Fault and Arch Fault Circuits**

Basement and kitchen receptacles within 6 feet of a sink, all bath receptacles and all exterior receptacles shall be protected by a GFCI.

### **Kitchen Electric Distribution**

Permanently installed stoves, refrigerators, freezers, dishwashers and disposals, washers and dryers shall have separate circuits sized to NEC. Two separate alternating 20-amp counter circuits are required with each kitchen area.

### **Stairwell Lighting**

All common halls and stairways between living space must be well lighted with a fixture controlled by 3 way switches at both ends of the hall or stairway.

## **XII. GENERAL PLUMBING CRITERIA**

### **Plumbing System Water Supply**

All fixtures must supply a flow rate of 3-gallons per minute.

All inoperable or leaky main shut off valves shall be replaced. Lead pipe and exposed galvanized pipe shall be replaced with copper pipe or CPVC pipes.

### **Drain, Waste, Vent Lines**



Waste and vent lines must function without losing the trap seal. When replacement is required, lines shall be installed in accordance with the most recently approved mechanical codes.

### **Plumbing Minimum Equipment**

Every dwelling unit shall have a minimum of one single bowl sink with hot and cold running water in the kitchen and at least one bathroom containing a toilet, a vanity with sink and a shower/tub unit, both with hot and cold running water.

Additional References: Local housing code.

### **Plumbing Fixtures**

#### **Repair Standard**

All fixtures and faucets shall have all working components.

#### **Replacement Standard: Minimum Life: 20 Years**

Single lever, metal faucets and shower diverters with 15-year drip-free warranty. Ceramic toilets, double bowl stainless steel sinks, fiberglass tub surrounds and 5' fiberglass or steel enameled tubs. Replacement plumbing fixture to be Water Sense labeled.

### **Water Heaters**

#### **Repair Standard**

Each dwelling unit shall have a hot water heater. The minimum capacity for units with two bedrooms or less shall be 30 gallons; larger units shall have a minimum capacity of 40 gallons. Insulation jackets shall be present unless manufacturer provided an internal insulation blanket. Water heaters shall have pressure relief valves with drip legs that extend to within one foot of the floor. Expansion tanks will be included with the installation of new water heaters.

#### **Replacement Standard: Minimum Life: 8 Years**

High efficiency, Energy Star rated water heaters with at least R-7 insulation and an 8-year replacement warranty, or combination with the same minimum capacity as noted above.

### **Type of Pipe**

Unless otherwise specified, all materials shall be copper or CPVC for domestic water, PVC for waste. All items shall operate without leakage, noise, vibration or hammering. All penetration of building components shall be neat, sleeved and fire stopped. No solder containing lead shall be used in any pipe or fixture. Damage to structural members from

drilling or notching shall be repaired to the acceptance of the owner, Agency and to code. Plumbing must be done in accordance with the Uniform Plumbing code.

### **Venting**

The Uniform Plumbing Code requires that all drains be vented. All drains that are changed as a result of replacing or installing fixtures must be vented in accordance with the Uniform Plumbing Code.

### **Faucets**

If newly installed, replaced faucets should be mid-grade lever handle faucets of chrome or white ceramic.

The color and type are to be selected by the owner from stock samples.

### **Functional Sewer Lines**

Each residential property must have its own functional sewer line. All houses with problems with sewage backup must be investigated and repairs made to the sewer line. The new water line shall be laid without joints from meter hub to main shut off valve inside structure. The utility trench is to be filled and mounded in anticipation of future earth settlement and the contractor is responsible for any required regrading within the one year warranty period. All galvanized lines should be replaced.

### **Shut-off Valves**

All plumbing fixtures which are removed and replaced require the installation of new shut-off valves.

All gas appliances that are removed and replaced require a new gas shut-off valve that is to be installed by a licensed plumber.

### **Vent Stacks**

All vent stacks must be at least one foot above the roof and appropriately sealed to prevent infiltration of water.

## **XIII. BUILDING WATER TIGHTNESS CRITERIA**

### **Windows**

Windows are not to be replaced unless they are inoperable and are permitting the infiltration of air, snow or rain. Any replacement or treatment of windows must meet the MHT requirements and any Historic Requirements of the local jurisdiction.

Rotted sills and trim are to be replaced . All windows should have locking devices for security. If new windows are required they must be Energy Star rated. All operable windows must have screens.

#### Repair Standard

All single glazed windows shall be replaced with Energy Star rated Double-glazed windows. Windows shall have a locking device and mechanism to remain partially open.

Dilapidated lead-containing windows should be replaced by certified Lead Safe contractor. All habitable rooms shall have a window for egress.

#### Replacement Standard: Minimum Life: 20 Years

Energy Star Rated Double-glazed, double or single hung. PVC, low E, one over one, with historically sensitive snap-in grids and a minimum for your region. All new construction windows shall meet 5.7sf net clear opening.

#### **Basement, Egress**

Any basement bedroom must have a code compliant window or door egress system.

#### **Door**

When doorjambes are in good condition or the doors are of unusual sizes, hollow core wood, prefinished or unfinished doors will be provided. All exterior doors should be provided with locking hardware.

#### **Exterior Doors**

##### Repair Standard

Doors shall be solid, weather stripped, operate smoothly, and include a peep site, a dead bolt, and an entrance lock set.

##### Replacement Standard: Minimum Life: 10 Years

All replacement doors at the front of the property will be historically sensitive and Energy Star rated. Steel six- panel doors may be installed at entrances not visible from the front street. Dead-bolt locks will be installed on all doors. All exterior entrance doors shall be minimum size of 36x80. Landings in front of exterior doors shall be minimum depth of 36”.

#### **Interior Doors/Placement**

##### Repair Standard

All bedrooms, baths and closets shall have operating doors.

**Replacement Standard: Minimum Life: 10 Years**

Hollow core, pressed wood product with bedroom lockset of suitable standard finish.

**Wall Insulation:**

When the framing is exposed during rehabilitation, insulation must be installed with a minimum value of R-13. Insulation installed for newly constructed homes shall be R-21.

**Insulation**

**Repair Standard NA**

**Replacement Standard: Minimum Life: 15 Years**

Attic areas and crawl space will be insulated. Attic insulation shall be R-49, and for crawl spaces R-19. Frame walls will be insulated with R-13 fiberglass batts if the wall finish is removed, and with high density cellulose otherwise. 6 mil Plastic vapor barriers will be placed over bare soil in crawl spaces. Crawl space shall have vents unless crawl space is conditioned. If crawl space is conditioned, must have sump-pump.

**Attic Ventilation**

**Repair Standard NA**

**Replacement Standard: Minimum life: 20 Years**

Attics will be ventilated with a minimum of 1 square foot of free vent for each 300 square feet of roof area.

**Kitchen Ventilation**

Range hoods or exhaust fans shall be exterior ducted; where it is possible.

**Bath Ventilation**

**Repair Standard NA**

**Replacement Standard: Minimum Life: 5 Years**

Exterior ducted 70 CFM. 20 some with separate switch in all full baths.

### **Basement/Crawl Space Insulation**

Floor joist shall be insulated with a minimum value of R19 and crawl spaces shall have a vapor barrier of 6 mil plastic. Exception shall be determined on the age of the home and dimensional lumber used in that era.

**Roof Insulation:** All ceilings under attics or roofs must be insulated with a minimum value of R-49.

## **XIV. HVAC**

### **Heating/Ventilation/Air Conditioning Plant**

#### **Repair Standard**

Inoperative, hazardous or inefficient (less than 75% AFUE) heating plants (HVAC units) shall be repaired and altered to perform at least 85% efficiency, where feasible. Programmable thermostats are required.

#### **Replacement Standard: Minimum Life: 20 Years**

Gas- and oil-fired plants (HVAC units) shall be Energy Star rated. Heat pumps/HVAC units shall be rated at 16 SEER or better. Programmable thermostats are required. Replacement heating/HVAC equipment shall be properly sized in accordance with the ACCA's Manual J or other recognized methodology. Data for heat load/loss calculations shall be based on post-rehabilitation conditions.

### **Distribution System**

#### **Repair Standard**

Energy Star rated Heat-pump (or equal) integrated HVAC system heating unit capable of safely and adequately heating (or cooling as applicable) a conditioned space is defined (in relevant part) as an area in a building provided with heating or cooling systems or appliances capable of maintaining 68 Deg. F during the heating season or 80 Deg. F during the cooling season.

To include all vents, vent covers, returns, ducts, and concrete (or comparable) pad for exterior condenser/heat exchanger, electrical and plumbing connections as per code. Programmable thermostats are required.

All ductwork shall be well supported, sealed with mastic and insulated in unconditioned spaces.

#### **Replacement Standard: Minimum Life: 20 Years**

## **XV. DISASTER MITIGATION**

Any rehabilitation or replacement of homes will include all necessary local codes/state codes and/or federal requirements in order to mitigate any damage that may have occurred as a result of a disaster and as well as addressing any future disaster.

### **Flood Plain Requirements**

When the project is in a flood zone (floodplain): the following surveys will be required.

CDA requires the completion of a survey by a registered surveyor for all projects. The survey must include the required information and be accompanied by the appropriate certificates.

The Survey must comply with the ALTA Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys (effective 2/23/2011). Table A must include all items except items 5, 10(b), 15 and 21. A full size copy of the survey must be provided to CDA and its counsel for review and approval prior to execution.

Upon completion of a project that involves adding buildings or other improvements, roads and/or sidewalks, an as-built survey which complies with the above requirements must be provided. CDA at its discretion may require an as-built survey for other types of projects.

The survey needs to include the following items:

- Lot lines and set-back lines
- Location of all existing easements, rights of way, improvements on or encroachments upon, over, to or from the property
- Location of all items that will be listed in Schedule B, Part II of the lender's title policy.

### **Termite Treatment**

Contractor will provide termite treatment including adjacent soil treatment and foundation barrier cap. Treatment shall be done upon foundation completion and prior to main floor construction.

## **XVI. LEAD BASED PAINT**

All properties must meet the lead –based paint requirements at 24 CFR 35. All properties built prior to 1978 may be subject to a Lead Paint Testing Assessment Report prepared for the property owner by an approved Risk Assessor.

Bidders must be Renovation, Repair and Painting (RRP) Certified by Environmental Protection Agency (EPA), or State of Maryland Lead Safe Certified for lead safe work practices for this project or any home built prior to 1978. Prior to work beginning, the contractor shall provide evidence of all required certificates and accreditations.

In addition, prior to starting work, each owner is to be provided a copy of the EPA “Protect Your Family from Lead in Your Home” pamphlet.

All lead-based paint operations are to be performed in accordance with all State, County, City and Federal regulations.

## **XVII. ENERGY CONSERVATION**

All new construction and rehabilitation projects shall be energy efficient and follow current International Energy Efficiency Code (IEEC) as adopted by the State of Maryland.

Examples of Green building practices

WEB SITE REFERENCES:

ENERGY STAR  
[www.energystar.gov](http://www.energystar.gov)

Ventilation  
[www.ashrae.org](http://www.ashrae.org)