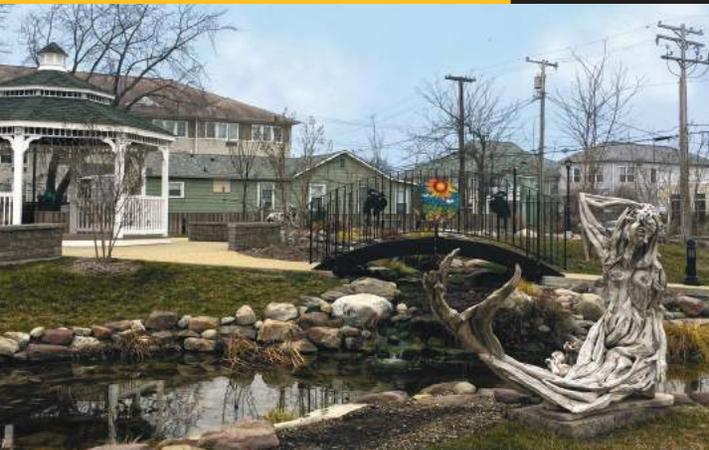




# Building Success

MARYLAND DEPARTMENT OF HOUSING  
AND COMMUNITY DEVELOPMENT



ANNUAL REPORT

2016



ON THE COVER:



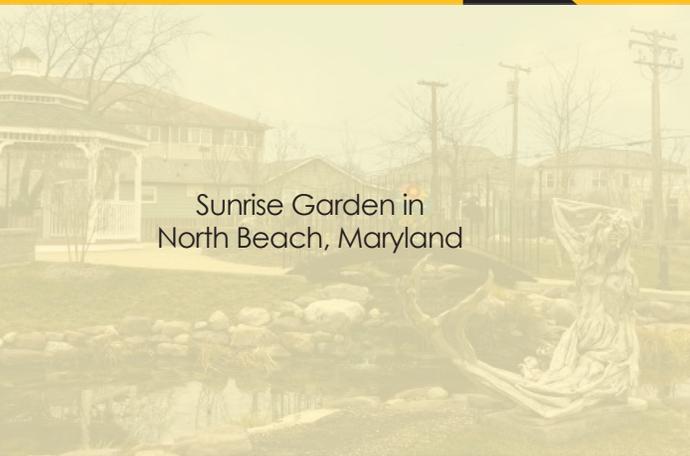
Department of  
Housing and Community  
Development  
employees volunteering  
for Habitat for Humanity  
of the Chesapeake



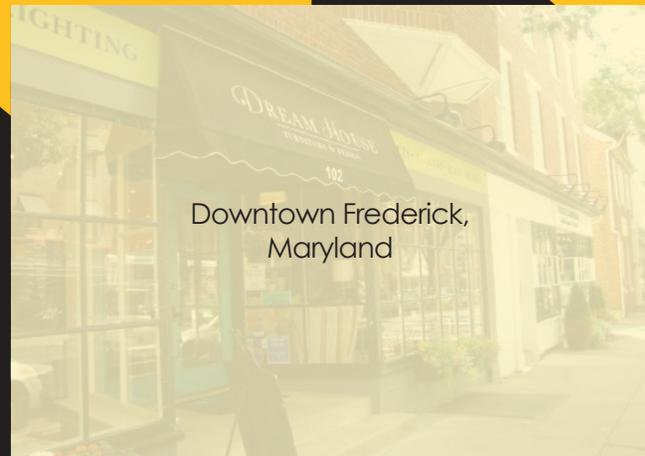
Senior Apartments,  
Elkton, Maryland



Municipality of  
Berlin, Maryland



Sunrise Garden in  
North Beach, Maryland



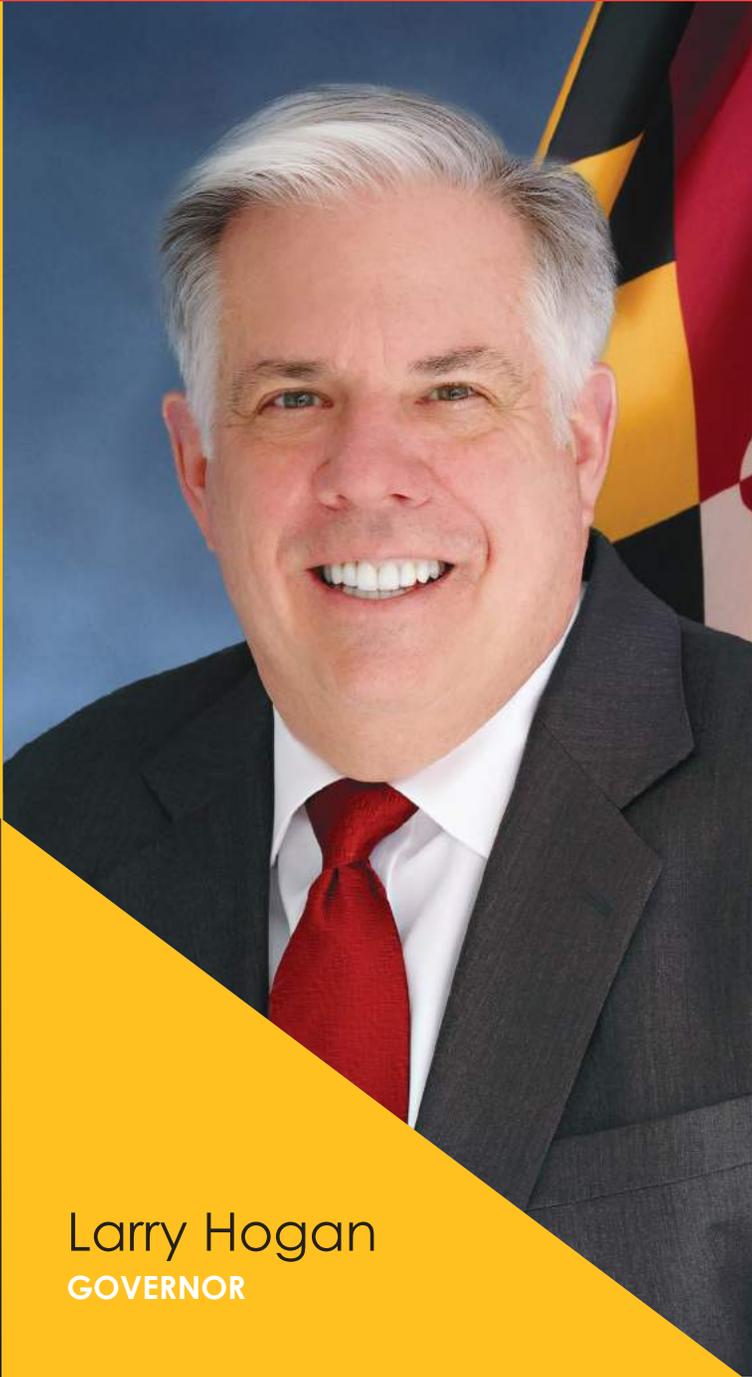
Downtown Frederick,  
Maryland



Governor Hogan and  
Secretary Holt at Project C.O.R.E.  
event in Baltimore

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Larry Hogan  
GOVERNOR

## A MESSAGE FROM *The Governor*

Our administration is committed to Changing Maryland for the Better, which includes tasking all state agencies with developing and implementing policies and programs that help reinvigorate Maryland's economy, create jobs, and build stronger and safer communities. With the announcement of our administration's Customer Service Promise, we also directed our agencies to make state government more responsive, accessible, and friendly to Maryland's citizens through timely, courteous, and transparent customer service.

Under the leadership of Secretary Holt, the Maryland Department of Housing and Community Development has responded to these challenges and made significant progress. The Department of Housing and Community Development is leading our administration's initiative to revitalize Baltimore City. Project C.O.R.E., or Creating Opportunities for Renewal and Enterprise, is a partnership between the state and City to demolish vacant and blighted properties and replace them with green space or create the foundation for redevelopment. We believe it will ensure that Baltimore's future is better and brighter than its present or its past.

In Fiscal Year 2016, the department's programs positively impacted millions of citizens in our communities by supporting homeownership, creating and preserving affordable rental housing, and revitalizing Maryland's towns and cities. I invite you to learn more about DHCD and its programs in their Fiscal Year 2016 Annual Report.

Our administration is proud of DHCD's ongoing work with Project C.O.R.E. and their continuing efforts to make sure Maryland's communities are vibrant places to live, work, and raise a family.

Larry Hogan

## A MESSAGE FROM

# *The Secretary*

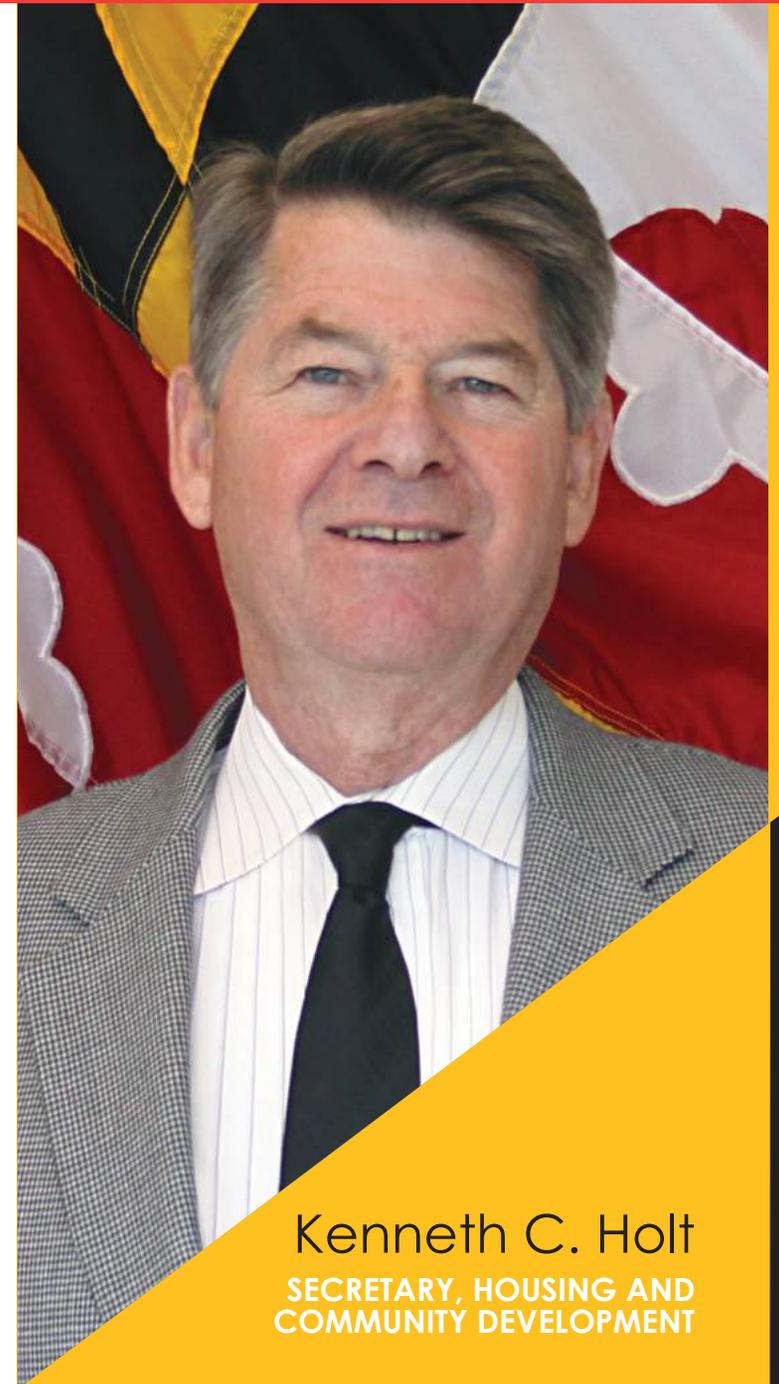
Every day, the Maryland Department of Housing and Community Development works with communities across the state to improve the lives of our residents. The Fiscal Year 2016 Annual Report illustrates the positive impact of our efforts. On behalf of Governor Hogan, I want to express thanks for the incredible work ethic and expertise of our staff.

Our agency is committed to promoting and preserving homeownership through the Maryland Mortgage Program. In FY16, we issued 3,378 mortgage loans -- 44 percent above last year's total. Multifamily housing also enjoyed their most successful year to date. Through various tax credits, loans and grants, we supported 44 projects which created or preserved nearly 4,700 affordable rental units and supported almost 15,000 jobs.

In addition, we launched a number of special initiatives that will revitalize cities and towns throughout Maryland. Project C.O.R.E. (Creating Opportunities for Renewal and Enterprise) is a partnership between Baltimore City and the state to eliminate blight and provide redevelopment opportunities for Baltimore to flourish. SmartBuy helps millennials pay off their student loans and purchase a home.

None of this would be possible without your support, and I am grateful for the partnerships, both public and private, we have fostered. I am proud of our accomplishments, and consider the past fiscal year's performance a strong indicator of additional success to come.

Kenneth C. Holt



Kenneth C. Holt  
SECRETARY, HOUSING AND  
COMMUNITY DEVELOPMENT

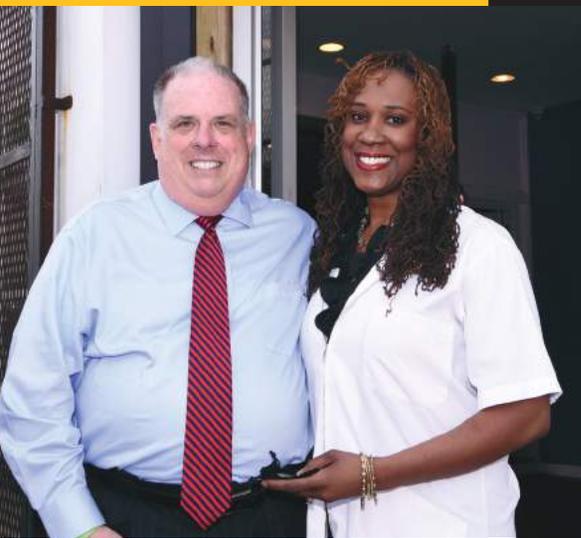
# BUILDING SUCCESS: *Economic Impact*

**W**e've built upon our successes since the beginning of the Hogan administration to create new jobs, revitalize neighborhoods and secure safe and affordable housing opportunities for Maryland residents. The work we do has far-reaching impacts and touches the lives of Marylanders across the state, all while creating an unparalleled return on investment of state dollars. In the following pages, you'll get a glimpse of some of the individuals, businesses and communities that have been helped by Department of Housing and Community Development programs this year. These success stories provide just a small snapshot of what the department does every day to change Maryland for the better.

Our FY16 financial activities:

- Generated more than **\$3 BILLION** in economic impact, an **18% INCREASE** over FY15.
- Created **19,024** full-time equivalent jobs, supporting more than **\$657 MILLION** in wages and salaries.
- Generated nearly **\$80 MILLION** in state and local taxes, a **74% INCREASE** over the last fiscal year.

***Bottom Line:*** Every dollar of state funds spent on department programs and initiatives **CREATED MORE THAN \$22 OF ECONOMIC IMPACT STATEWIDE.**



# Single Family Housing/ Homeownership

Our department has programs to assist first time homebuyers as well as homeowners. For homebuyers, we offer mortgages and downpayment assistance to help families achieve the American dream of homeownership. For homeowners, we provide loans and grants for home repairs and energy efficiency improvements, as well as resources for those at risk for foreclosure.



## COMMUNITY IMPACT

3,378

Mortgages

\$16.1  
MILLION

Down Payment  
Assistance



# A Place to Call Home *Jessica Prudencio*

PASADENA,  
MARYLAND



**H**omeownership was a dream for Jessica Prudencio. Using the Maryland Mortgage Program's House Keys 4 Employees program, Prudencio, who worked in the department's Housing and Building Energy Program, made her dream come true. Thanks to the program, she was able to purchase her home without dipping into her emergency savings.

Maryland state employees who participate in the House Keys 4 Employees program can receive \$2,500 additional funding in down payment assistance in the form of a zero-interest loan. The Maryland Mortgage program offers initiatives that benefit a range of homeowners, including veterans and first-time homebuyers with student loan debt. The program offers attractive financing and interest rates in addition to down payment and closing cost assistance.

*Success At A Glance:*



**\$5,000**

Down payment assistance  
available for most homebuyers

**\$2,500**

Additional zero-interest  
loan for state employees

# Multifamily/Affordable Rental Housing

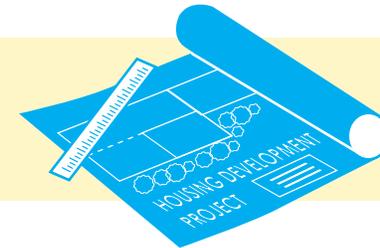
Affordable housing is an ongoing need for hard-working Maryland families. Our department offers financing programs to multifamily housing developers for the creation or preservation of affordable rental housing units for low- to moderate-income Marylanders. We support new construction or the acquisition and rehabilitation of existing housing, helping to create jobs, leverage additional investment, and provide safe, decent, affordable housing opportunities for families, senior citizens, and individuals with disabilities throughout the state.



## COMMUNITY IMPACT

FY 2015 **PROJECTS** FY 2016

30



44

## HOUSING UNITS

2,695



4,674

## INVESTMENT

\$594 million



\$917 million

# Homegrown Support *Janice Wright*

ABINGDON,  
MARYLAND



*J*anice Wright was having a tough run. In November 2015, she was told that she had 20 days to find a new home for herself and her son Matthew, 18. The severity of their situation was compounded by Matthew's special needs, which leave him unable to care for himself.

Wright reached out to the Harford County government to find out what her options were, and learned about Riverwoods at Tollgate, a development in Abingdon made possible by Low Income Housing Tax Credits and Section 811 funding administered by the department. On December 4, 2015, she and Matthew became the first family to move in.

Riverwoods at Tollgate represents the first Section 811 housing project in Maryland. Housing developments that meet this classification provide rental housing intended to better support low-income adults with disabilities. The program allows persons with disabilities to live as independently as possible in the community by subsidizing rental housing opportunities that provide access to appropriate supportive services.

*Success At A Glance:*



**13 HOUSING UNITS**  
Available for people  
with disabilities

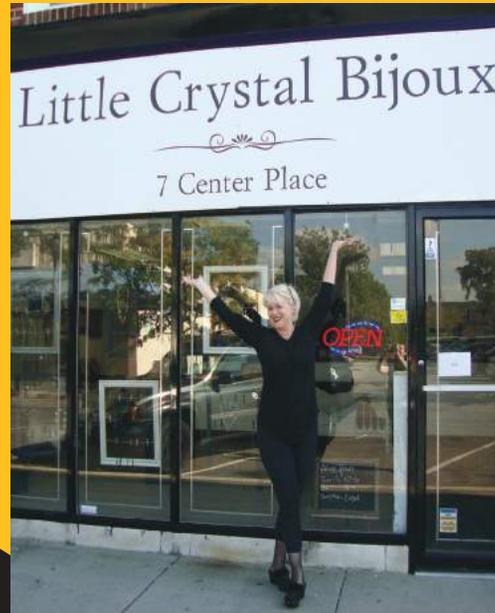
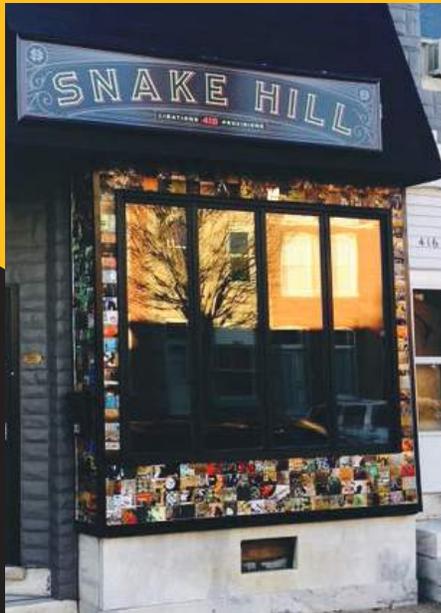


**\$10 MILLION**

Estimated equity value  
of Low-Income Housing  
Tax Credits administered

# Small Business Lending

Our department offers flexible financing to new and expanding small businesses and nonprofit organizations whose efforts help improve and revitalize existing commercial districts and town centers. Our loans are most often used by small businesses to close gaps in financing when those resources are unavailable through traditional, commercial lending institutions. We also assist in small business recovery after disasters.



## COMMUNITY IMPACT



Small Business Jobs  
Created/Preserved

# A Sweet Future Smith Island Baking Company

CRISFIELD,  
MARYLAND



**B**rian Murphy, proprietor of the Smith Island Baking Company, has always been on the lookout for ways to make his business bigger and better than ever. He turned to the Neighborhood BusinessWorks program to help grow his company, which makes the official state dessert. As his business kept growing, Murphy knew it was time to expand.

Through the Neighborhood BusinessWorks program, Murphy was able to secure a \$650,000 loan to buy a grocery store in Crisfield, Maryland, which was damaged and abandoned during Superstorm Sandy. The store is being renovated and will be turned into a one-stop shop for the Smith Island Baking Company. When completed the space will serve as an order processing center and bakery, and will also host a retail storefront where customers will be able to see the cakes made right before their eyes.

*Success At A Glance:*



**40 NEW JOBS**

Anticipated due to the bakery expansion



**500% INCREASE**

Expected in bakery output capacity

# Neighborhood Revitalization

Through funding and technical assistance, we work with local governments, nonprofit organizations, community groups and businesses to revitalize cities, towns and neighborhoods across Maryland. Our community development programs enhance existing neighborhood resources, support economic development, provide public services and infrastructure, and improve the quality of life for residents. Assistance from the department is designed to serve as a tool for communities and organizations to leverage additional funding from public, private and nonprofit sources.



## COMMUNITY IMPACT



# Letting the Light Shine *The Light House*

ANNAPOLIS,  
MARYLAND



**T**he men and women who staff The Light House in Annapolis have made it their mission to empower homeless people in need of assistance. The organization offers job and vocational training for its clients.

The Light House has frequently made use of the Community Investment Tax Credits offered by the department for years.

Most recently, these funds helped the nonprofit work toward opening a restaurant staffed by graduates of the culinary arts division of its Building Employment Success Training (B.E.S.T.) program. The new restaurant, coined the Light House Bistro, will be located at the group's original property at 206 West Street in Annapolis, the center's former home. Save for two positions, everyone employed at the bistro will be a B.E.S.T. graduate. The department also funded a position at the bistro through the Nonprofit Assistance Funds program.

*Success At A Glance:*



**\$11.00/HOUR**  
Wage for B.E.S.T.  
graduates



**\$40K GRANT**  
for Project Manager  
position at Bistro

# Energy Efficiency

Our department offers programs that provide homeowners of all income levels with the resources to improve their home's energy efficiency. Our programs can help with insulation, hot water system improvements, furnace repair or replacement, renewable energy systems, and other health and safety enhancements. We also provide energy efficiency programs specifically for affordable, multifamily rental properties, as well as outreach and training to contractor partners who wish to participate in our programs for residential and small commercial projects.



## COMMUNITY IMPACT



# Weathering the Storm *Sherry Hinton*

CECILTON,  
MARYLAND



**A** blizzard was coming, and Sherry Hinton was faced with the prospect of having to endure it without a functional heating system in her home. Through the department's Emergency No Heat Program, Hinton, a Cecilton resident, was able to have a warm place for herself and her grandchildren to seek shelter from the elements.

On the Monday before the blizzard of January 2016 covered Maryland in snow, Hinton called the department to see what her options were. That Wednesday she received word that contractors would be there on Friday, the day the storm was due. In mere hours, they installed a brand-new furnace in her basement, reinforced the stairwell, and took a few other measures to help make her and her grandchildren safe and comfortable during the storm.

*Success At A Glance:*



**\$0.00 OUT-OF-POCKET**  
For Emergency Furnace Repair

# Local Government Infrastructure Financing

Maryland counties and municipalities can apply for a cost effective way to finance public purpose capital projects through our department; enabling the delivery of essential services to support communities and the people they serve. With Local Government Infrastructure Financing, it's possible for local Maryland government entities to afford critical infrastructure construction and upgrades. These funds can be used for multiple purposes, such as a new fire engine, necessary road work or refinancing existing debt.



## COMMUNITY IMPACT



# Flowing Smoothly Middletown, Maryland

MIDDLETOWN,  
MARYLAND



**T**he town of Middletown has been utilizing LGIF funds since 1997, according to town administrator Drew Bowen. Most recently, the town received their largest round of funding to date. The \$7 million was used for two projects. Improvements to West Green Street, one of the town's main thoroughfares, were critical. With \$2.5 million, they added curb gutters, sidewalks, and streetlights. They were also able to repave the road using the funding. The road is one of the busiest in town, and was last paved in the 1930s -- when it was paved for the first time ever. Filterras were added, which use trees in the sidewalks combined with man-made features to filter out environmental waste. The additional \$4.5 million went to replacing the waterline along Main Street, adding fire flow protection and safety. Without LGIF funds, Bowen said, the town would not have been able to afford many of the projects undertaken over the years.

Success At A Glance:



**7,200 Feet**  
Waterline to be  
added with funding



**\$7 MILLION**  
Largest loan to date,  
received in FY2016



# PROJECT C.O.R.E.

CREATING OPPORTUNITIES for RENEWAL and ENTERPRISE

Project C.O.R.E., or Creating Opportunities for Renewal and Enterprise, is a city-state partnership that includes a state commitment to invest \$75 million supported by \$18.5 million of investment from Baltimore City over the next four years to demolish vacant and derelict buildings in Baltimore and replace them with green space that can serve as park land or as the foundation for redevelopment. In January 2016, the department announced the program's kickoff at an event in Baltimore in coordination with Governor Hogan's office, the Maryland Stadium Authority, and Baltimore City officials. All demolition activity is subject to extensive environmental and safety standards developed collaboratively by the state and its partner organizations and agencies. These standards were designed to protect neighborhood residents from hazards during demolition, such as lead dust, at an overall level rarely, if ever, seen before in the nation.

**\$75 MILLION**

STATE INVESTMENT IN  
BLIGHT REMOVAL

**\$18.5 MILLION**

BALTIMORE CITY IN-KIND

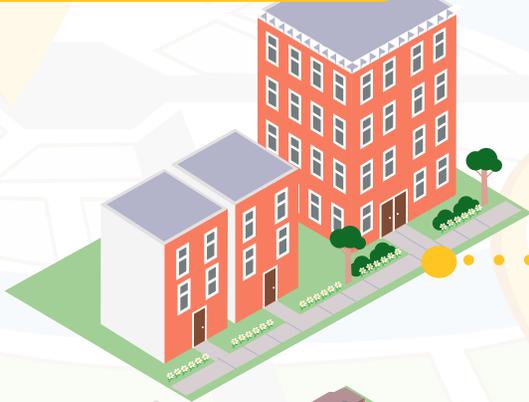
## WHAT TO EXPECT DURING DEMOLITION



## WHAT TO EXPECT AFTER DEMOLITION

When the building demolition is done, the site will be cleaned up, leaving behind a new green space that could be transformed into a variety of community or commercial spaces.

### AFFORDABLE HOUSING



### MIXED USE (Housing, Retail, Parking, etc.)



### COMMERCIAL USE



### PARK OR COMMUNITY GATHERING SPACE



## PROJECT C.O.R.E.

CREATING OPPORTUNITIES for RENEWAL and ENTERPRISE

DEPARTMENT OF  
HOUSING AND  
COMMUNITY  
DEVELOPMENT

MARYLAND  
STADIUM  
AUTHORITY

BALTIMORE  
CITY

Project C.O.R.E. features simultaneous demolition activities by three agencies — the Maryland Department of Housing and Community Development, the Maryland Stadium Authority, and Baltimore City Housing — accelerating blight removal to facilitate the department's \$600 million investment for revitalization.

SETTING THE  
GROUNDWORK  
FOR FY17:

**30 PROJECTS**  
AWARDED

**\$300 MILLION**  
TOTAL PROJECT COST  
INCLUDING REDEVELOPMENT

# By the Numbers

## FY2016 FINANCIAL INVESTMENTS Totals in Millions



Rental Housing Development

\$636.0



Rental Services

\$220.8



Homeownership & Special Needs Housing

\$682.1



Housing Energy Efficiency

\$23.8

### Rental Housing Development

\$636.0

Multifamily Revenue Bond Loan Program	\$249.1
Federal Low Income Housing 9% Tax Credit Equity	166.4
Federal Low Income Housing 4% Tax Credit Equity	158.9
Rental Housing Works Program	23.7
Rental Housing Loan Programs	22.2
Partnership Rental Housing Program	8.3
Shelter and Transitional Housing Program	5.0
Federal HOME Investment Partnership Program	2.4

### Rental Services

\$220.8

Federal Section 8 Programs -	
Performance Based Contract Administration	\$202.8
Housing Choice Vouchers	17.0
Miscellaneous Rental Services Programs	0.9

### Homeownership & Special Needs

\$682.1

Maryland Mortgage Program Mortgage Backed Securities	\$653.6
Down payment Assistance Programs	16.1
Single Family Housing Rehabilitation Programs	4.1
Housing Programs for Individuals with Disabilities	2.3
Lead Paint Abatement Program	2.1
Federal HOME Investment Partnership Program	1.8
Group Homes Program	1.3
Maryland Affordable Housing Trust	0.9

### Housing Energy Efficiency

\$23.8

EmPOWER MD Single Family Housing Energy Efficiency Programs	\$14.3
Multifamily Housing Energy Efficiency Programs	5.6
Other Single Family Housing Energy Efficiency Programs	3.5
Federal Single Family Housing Weatherization Assistance Program	0.4

### Local Government Financing & Business Lending

\$24.0

Local Government Infrastructure Financing Program	\$18.9
Neighborhood BusinessWorks	5.1

### Neighborhood Revitalization

\$54.5

Federal Community Development Block Grant	\$9.9
Community Services Block Grant	9.3
Creating Opportunities for Renewal & Enterprise - C.O.R.E.	9.1
Community Legacy	6.0
Foreclosure Prevention Housing Counseling & Legal Aid	5.5
Baltimore Regional Neighborhoods Initiative	3.8
State & Federal Emergency Solutions Grants	2.9
State Community Investment & Endow MD Tax Credit Programs	2.0
Strategic Demolition & Smart Growth Impact Funds	2.0
Rental Allowance Program/Families First	1.7
Miscellaneous Neighborhood Revitalization Programs	1.6
Maryland StoreFront Improvement Program	0.7

TOTAL INVESTMENT  
\$1.641  
BILLION



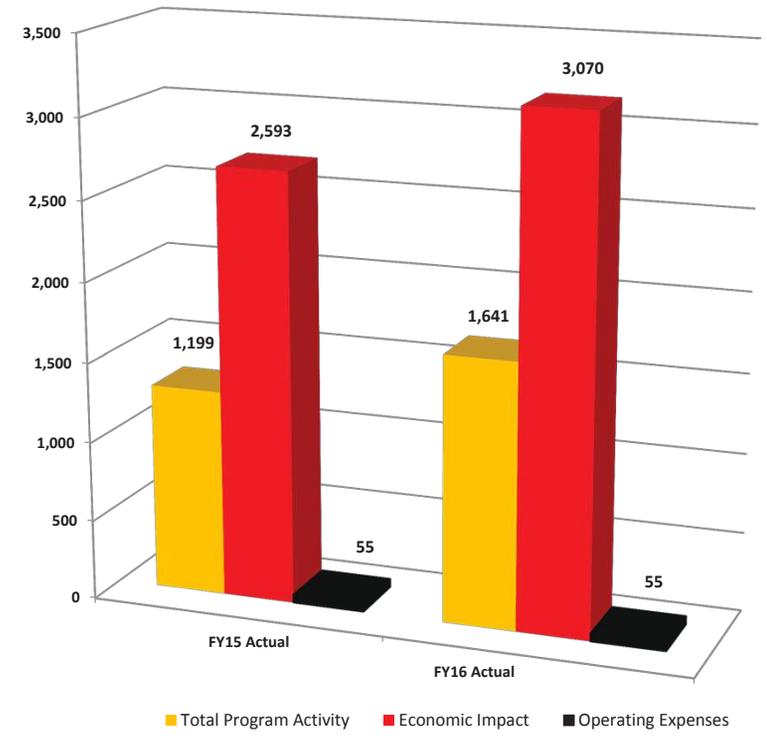
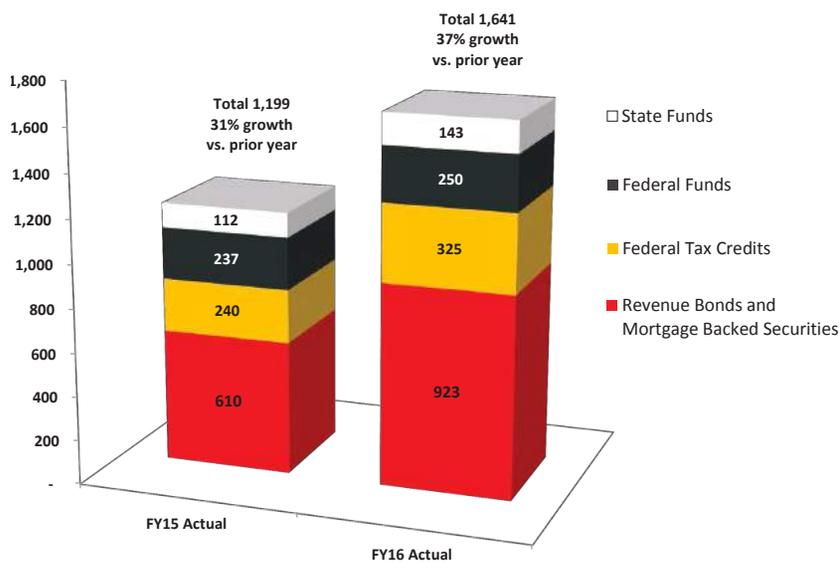
Local Government Financing  
& Business Lending  
\$24.0



Neighborhood  
Revitalization  
\$54.5

# Program Activity

(\$ in Millions)





**MARYLAND DEPARTMENT OF HOUSING  
AND COMMUNITY DEVELOPMENT**

*Kenneth C. Holt, Secretary*

7800 Harkins Road, Lanham, MD 20706 • [dhcd.maryland.gov](http://dhcd.maryland.gov) • 1-800-756-0119