

State of Maryland

Annual Action Plan

Federal - FFY2022

State – SFY2023



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

Executive Summary

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

1. Introduction

Commissioned in 2020, the State of Maryland 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), Housing Trust Fund and Housing Opportunities for People with AIDS funds (HOPWA). These awards are expected to leverage private funds to help attain some of the housing goals laid out in the States SFY 2023 Annual Action Plan (FFY2022 - federal plan year). FY2022 and FY2023 may be used interchangeably throughout the 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

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

In developing its FY2023 annual action plan, the State would continue to 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. Since the Consolidated plan year began in 2020, DHCD has delivered a total of 5,392 new and rehab units, helped over 8,760 first-time homebuyers secure mortgages.

In terms of community revitalization efforts, DHCD continues to be 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. Assistance provided by the National Capital Strategic Economic Development Fund Program and Project Restore are boosting infrastructure and community improvement work statewide. In addition, the Department's speedy disbursements of several rounds of CARES funding to respond to the pandemic and has been 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.

4. Summary of Citizen Participation Process and consultation process

DHCD's citizen participation process in FY2023 allowed the public to provide comments on our pre-plan and post-plan hearings. The participation process was carried out through a combination of different efforts. This included electronic invitations sent out by DHCD's Office of Public Information, placing newspaper advertisements regarding the development of the Plan (both before and after it was written in draft form). The state also provided draft documents available to the public for review during the comment period. Input received was considered during the development of 2023 Annual Action Plan.

Pre-Draft: The first set of public hearings was held before the draft Plan was developed. First set of public hearings were held virtually on Monday, February 14, 2022, at 11:30 a.m. and on Tuesday, February 15, 2022, at 6:00 p.m.

Post-Draft: The second set of public hearings was also held virtually due to COVID precautions on Tuesday, April 5, 2022 at 11:30 a.m. and on Wednesday, April 6, 2022, at 2:06 p.m.

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 and video.

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 were 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 Friday, March 18, 2022, with written and email comments accepted through end of day on Monday, April 18, 2022. 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 2023 Annual Action Plan was in accordance with the U.S. Department of Housing and Urban Development ("HUD") guidance.

The input sessions on collecting feedback on priorities and strategies to address the housing, homelessness and community development needs in Maryland.

5. Summary of public comments

Several organizations and individual citizens attended the scheduled hearings. Below is an excerpt from feedback received during one of the public hearings:

“According to the Maryland Housing Needs Assessment that was completed in 2021 by the National Center for Smart Growth and Enterprise Community Partners, Maryland will have to make a significant investment in housing over the next 10 years in order to keep up with economic and demographic shifts in the state. The analysis showed that the state is short 85,000 rental units for low-income households. With Maryland expected to add an estimated 97,166 low-income households by 2030, the shortage will worsen unless the state creates and preserves many more affordable homes. Thirteen of the state's 23 counties and Baltimore City don't have enough housing that's affordable to very low-income renters.

The impact in rural communities served by the HOME and CDBG Program is significant. Rural communities lack bank branches and community investment. Rural homeowners face a high risk of foreclosure and displacement as COVID-19 relief programs wind down, and federal protections against foreclosure and eviction expire. Monetary assistance for renters and

homeowners is limited. The Homeowner Assistance Fund rollout in Maryland has been slow and provides poor protection for vulnerable homeowners without access to broadband and internet knowledge. Ensuring that all families live in affordable, stable homes will improve community health outcomes, thereby reducing health care and education costs. This is an urgent priority for an equitable recovery from the pandemic. Building a firm foundation for stable homes begins with policies that provide opportunities for families to afford to rent or buy decent homes necessary for good health. Given the health, educational, and cost implications of families living in unstable homes, there is an urgent need to increase supply of affordable homes.

As long as the Maryland economy needs essential workers who are paid \$25 per hour or less, we will have to have housing that is affordable for families making those wages in all communities. It is urgent that the state work toward these strategies and align preservation and production of affordable housing in non-entitlement jurisdictions. As we put off these decisions, the cost of building and preserving affordable housing in Maryland only grows more expensive.

We hope that you will invest funds in mapping and incentivizing the need for preservation of affordable housing as well as producing new homes for vulnerable Maryland citizens.”

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

There were no comments or views that were declined

7. Summary

Participants from the following organizations provided written and verbal Feedback from the hearings. Summary of feedback and comments focused on the need for DHCD help support the expansion of affordable units available to low-income renters as well as providing support for at risk youth and adults unable to receive benefits due to entanglements with the judicial system.

- Non-profit and government service providers
- Advocates
- Local Governments
- Private and public housing providers
- Homeless service and prevention providers
- Community development advocates

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
LEAD AGENCY	DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT	
CDBG Administrator	MARYLAND	DHCD
HOPWA Administrator	MARYLAND	MDH
HOME Administrator	MARYLAND	DHCD
ESG Administrator	MARYLAND	DHCD
HTF Administrator	MARYLAND	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 is the lead agency for the Housing Opportunities for Persons With AIDS (HOPWA) program.

Consolidated Plan Public Contact Information

General questions about the Annual Action Plan should be directed to the Acting Senior Policy Analyst, Bernice Mensah, Director of Research, 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) 429-7446 or via email bernice.mensah@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.

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.

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

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

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

Questions about Housing Opportunities for Persons With AIDS (HOPWA) related sections should be directed to Don Kirk or Chuma Nkamhoua at the Department of Health located at 500 N. Calvert Street, Baltimore, MD 21202. Phone 410-767-5992/410-767-3374 or via email at don.kirk@maryland.gov or 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 internal program custodians within 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's partnership with the Maryland Department of Disabilities (MDOD) and the Department of Health (MDH) has provided for the implementation of impactful special population housing programs. To develop a ConPlan representative of the health and service sectors, DHCD sought the expertise of MDOD's Director of Housing Policy and Programs, who drafted sections of the plan that tie back to the work of these industries collaboratively.

DHCD, MDH, and MDOD have worked together to apply for and successfully secure competitive HUD funding for the Section 811 Project Rental Assistance (PRA) program. The three state agencies constitute the Maryland Partnership for Affordable Housing (MPAH) and received an FY19 Section 811 grant,

totaling \$6.9 million in housing subsidies for people with disabilities statewide. We project that this will fund approximately 95 additional units to add to our existing 330 units financed through the FY12 and FY13 grants that sustain the program.

DHCD, MDH, and MDOD also partner in the oversight of the following programs:

- HomeAbility (homeownership for individuals with disabilities - special loan product to help finance the purchase of a home);
- Money Follows the Person (MFP) Bridge Subsidy (a tenant-based rental assistance administered by PHAs statewide that provides three years of a rental subsidy before the person is transitioned to a Housing Choice Voucher);
- Group Home Program;
- Special Housing Opportunity (SHOP) Program;
- Weinberg Apartments Program (a project-based rental subsidy program that provides an upfront subsidy to the developer awarded Federal Low Income Housing Tax Credits from DHCD as a way of holding the specified unit as affordable for a low-income person with a disability)
- DDA Rent Subsidy Program, a tenant-based rental assistance program administered by the DDA in partnership with DHCD. Provides assistance to individuals 18 years of age or older who receive at least one service funded through the DDA or on the DDA waitlist in the Crisis Resolution category)

In 2020, the Weinberg Apartments program received a third iteration of grant funding to subsidize additional units in the Baltimore Metropolitan area targeting people with disabilities. The Foundation specifically sought to target the following priority populations:

- transitioning youth with intellectual and developmental disabilities (18-35 years of age) who are living with aging caregivers, in a group home setting, or transitioning from permanent supportive housing;
- individuals/families who are homeless;
- youth aging out of foster care who are disabled and homeless or at risk of homelessness.

DHCD has made strides in ensuring that multi-family properties receiving Federal Low Income Housing Tax Credits are directed towards supporting community living opportunities for PWDs by including incentives in the State's Qualified Allocation Plan (QAP).

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 2021-2022, DHCD convened Continuums of Care twice for a statewide meeting and held monthly 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). In 2022, the Balance of State was expanded to include Harford County.

DHCD staff attends local CoC meetings and have provided technical assistance in increasing the capacity and effectiveness of rapid re-housing by leveraging landlord incentives, promoting single bedroom options for vulnerable clients, and offering peer trainings on effective strategies for landlord engagement. DHCD has a comprehensive training plan in place for 2022, and will offer training on Equal Access, Fair Housing, DV Safety and Best Practices, Housing First, Racial Equity and Income/Workforce Development to name a few of the topics planned for this year. 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. 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. While ESG is part of the consolidated HSP, ESG funds are tracked separately within the grant.

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 the plan year 2022, DHCD facilitated monthly 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: See List/table below:

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	WASHINGTON COUNTY COMMUNITY ACTION COUNCIL, INC.
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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.
2	Agency/Group/Organization	GARRETT COUNTY COMMUNITY ACTION COMMITTEE, INC.
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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.
3	Agency/Group/Organization	CARROLL COUNTY, BOARD OF COMMISSIONERS
	Agency/Group/Organization Type	Services-homeless

	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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	Agency/Group/Organization	FREDERICK, CITY OF
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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	Agency/Group/Organization	ALLEGANY COUNTY, BOARD OF COMISSIONERS
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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	Agency/Group/Organization	Howard County Department of Community Resources and Services
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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	Agency/Group/Organization	Somerset County Health Department
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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	Agency/Group/Organization	Mid Shore Behavioral Health, Inc.
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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	Agency/Group/Organization	Three Oaks Homeless Shelter, Inc.
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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	Agency/Group/Organization	Harford County Community Action Agency
	Agency/Group/Organization Type	Services-homeless

	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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.
11	Agency/Group/Organization	DEPARTMENT OF SOCIAL SERVICES-PRINCE GEORGE'S COUNTY
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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.
12	Agency/Group/Organization	MONTGOMERY COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES
	Agency/Group/Organization Type	Services-homeless

	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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.
13	Agency/Group/Organization	Mayor's Office of Homeless Services
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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.
14	Agency/Group/Organization	Baltimore County Department of Planning
	Agency/Group/Organization Type	Services-homeless

	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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	Agency/Group/Organization	Anne Arundel Community Development Services, Inc.
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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	Agency/Group/Organization	CECIL COUNTY HEALTH DEPARTMENT
	Agency/Group/Organization Type	Services-homeless

	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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.

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.

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
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.
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

Several 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.

The narrative in this section addresses or describes “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**

Participants from the following organizations provided written and verbal Feedback from the hearings. Summary of feedback and comments focused on the need for DHCD help support the expansion of affordable units available to low-income renters as well as providing support for at risk youth and adults unable to receive benefits due to entanglements with the judicial system. Feedback/comments from the hearings will be attached as an appendix.

- Non-profit and government service providers
- Advocates
- Local Governments
- Private and public housing providers
- Homeless service and prevention providers
- Community development advocates

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	Open/Broad Community Outreach	The first set of hearings had a total of 25 people combined. The second set of hearings had a total of 21 people combined.	Comments received were discussed at a May 12 th meeting with DHCD program managers. Managers will take comments under advisement.	None	

Table 4 – Citizen Participation Outreach

Expected Resources

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

Introduction

Anticipated resources for the SFY2023 Annual Action Plan is projected to be \$28.2 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 Admin and Planning Economic Development Housing Public Improvements Public Services	7,989,911	300,000	100,000	8,389,911	19,499,000	Estimated allocation for 2022-2023.
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	7,281,352	2,000,000	10,546,537	19,827,889	17,103,437	Annual allocation for 2022-2023 and projected program income.

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 Permanent housing placement Short term or transitional housing facilities STRMU Supportive services TBRA	552,813	0	713,732	1,266,545	5,453,886	Estimated allocations for 2023-2024 are based on flat-funded \$2.2M per year and prior year available resources (\$1,053,886). TBRA, STRMU, PHP and Supportive Services (case management, transportation, life skills training)

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 Financial Assistance Overnight shelter Rapid re-housing (rental assistance) Rental Assistance Services Transitional housing	1,181,507	0	1,000,000	2,181,507	2,338,448	Estimated allocation for 2022-2023

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 Admin and Planning Homebuyer assistance Multifamily rental new construction Multifamily rental rehab New construction for ownership	11,215,433	0	8,977,508	20,192,941	22,320,000	Estimated allocation for 2022-2023
Continuum of Care	public - federal	Supportive services TBRA	0	0	0	0	0	
LIHTC	public - federal	Acquisition Housing Multifamily rental new construction Multifamily rental rehab	16,000,000	0	0	16,000,000	52,000,000	Estimated allocation for 2022-2023

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	0	0	0	0	0	
Other	public - federal	Admin and Planning Economic Development Homeowner rehab Other	0	0	0	0	0	
Other	public - federal	Admin and Planning Public Improvements	0	0	0	0	0	

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	Financial Assistance Housing Public Services Rental Assistance Supportive services	0	0	0	0	0	

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 close to \$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.

HOPWA

The Maryland Department of Health HOPWA program will continue its integration and coordination of HOPWA services with local health departments and their Ryan White Part B (HRSA-funded) HIV care services, specifically the Housing Services component. Using Ryan White Part B funds furthers coordination of care and services while ensuring HOPWA program participants and other HOPWA eligible Marylanders maintain access to HIV care and supplemental support services available through Ryan White funded programs in Maryland. For instance, a HOPWA program Housing Coordinator not only coordinates with the Ryan White medical case manager to ensure the HOPWA Program beneficiary is seeing an HIV care provider, but also using that linked partnership of funding to refer their HOPWA clients to *new* resources, deepening the available options to ensure individuals and families received appropriate and immediate housing interventions and wrap around care.

If appropriate, describe publically 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.

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	2020	2024	Affordable Housing Homeless Non-Homeless Special Needs Non-Housing Community Development		Housing - Rehabilitation - Multi Family	CDBG: \$500,000 HOPWA: \$0 HOME: \$12,750,000	Rental units constructed: 19 Household Housing Unit Rental units rehabilitated: 79 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
2	Community Revitalization	2020	2024	Affordable Housing Homeless Non-Homeless Special Needs Non-Housing Community Development		Public Facilities Senior Centers Public Facilities Disabled Persons Public Facilities Homeless Persons Public Facilities Childcare and Youth Programs Blight Removal Public Infrastructure - Water and Sewer Public Infrastructure - Streets and Drainage Public Infrastructure - Sidewalks and Curbs Public Facilities Other Housing - Rehabilitation - Single Family Planning	CDBG: \$6,500,713 HOPWA: \$0 HOME: \$5,670,200	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 40000 Persons Assisted Homeowner Housing Rehabilitated: 9 Household Housing Unit Other: 1 Other
3	Promote Homeownership	2020	2024	Affordable Housing		Housing - Direct Homeownership Assistance	HOPWA: \$0 HOME: \$580,459	

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
4	Reduce Homelessness	2020	2024	Homeless		Rapid Re-Housing Emergency Shelter Homelessness Prevention Public Facilities Homeless Persons	CDBG: \$500,000 HOPWA: \$2,009,192 ESG: \$1,169,224	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 100 Persons Assisted Tenant-based rental assistance / Rapid Rehousing: 1650 Households Assisted HOPWA – Tenant Based Rental Assistance \$1,658,722; 150 households served. Short Term Rent Mortgage & Utility Assistance \$262,244; 66 households. Permanent Housing Placement Assistance \$88,226; 37 households. Homeless Person Overnight Shelter: 1000 Persons Assisted Overnight/Emergency Shelter/Transitional Housing Beds added: 50 Beds Homelessness Prevention: 1000 Persons Assisted Other: 103 Other

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	Increase Affordable Rental Housing
	Goal Description	<p>7/1/2022 - 6/30/2022 - CDBG anticipates funding renovation costs for 30 units of multi-family rental housing.</p> <p>7/1/2022 - 6/30/2023 - HOME anticipates funding 3 multi-family housing projects with approximately 38 HOME rehabilitation units and 19 HOME new construction units</p> <p>7/1/2022 - 6/30/2023 - HOPWA does not anticipate funding any rental housing projects</p> <p>7/1/2022 – 6/30/2023 – HTF anticipates funding 85 units annually</p>
2	Goal Name	Community Revitalization
	Goal Description	<p>7/1/2022 - 6/30/2023 - 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.</p> <p>7/1/2022 - 6/30/2023 - HOME anticipates funding 9 single family homeowner rehabilitation/reconstruction projects and possibly 1 technical assistant loan</p> <p>7/1/2022 - 6/30/2023 - HOPWA does not anticipate funding any community revitalization</p>
3	Goal Name	Promote Homeownership
	Goal Description	<p>7/1/2022 - 6/30/2023 - HOME anticipates the possible addition and/or re-certification of 4 CHDOs some of which may produce units for acquisition/rehab/resale and HOME would provide closing cost assistance for the new homeowners of properties</p> <p>7/1/2022 - 6/30/2023 - HOPWA does not anticipate funding any projects that promote home ownership</p>

4	Goal Name	Reduce Homelessness
	Goal Description	<p>7/1/2022 - 6/30/2023 - CDBG anticipates funding renovation of one shelter.</p> <p>7/1/2022- 6/30/2023- HOPWA anticipates assisting annually:</p> <ul style="list-style-type: none"> • Tenant-based rental assistance – 150 households • Short term rent mortgage and utility assistance – 66 households • Permanent Housing Placement assistance – 37 households

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 Affordable Rental Housing (%)	Community Revitalization (%)	Promote Homeownership (%)	Reduce Homelessness (%)	Total (%)
CDBG	6	76	12	6	100
HOME	69	28	3	0	100
HOPWA	0	0	0	100	100
ESG	0	0	0	100	100
HTF	100	0	0	0	100
Continuum of Care	0	0	0	0	0
LIHTC	0	0	0	0	0

Section 811	0	0	0	0	0
Other CDBG-DR #1	0	0	0	0	0
Other CDBG-DR #2	0	0	0	0	0
Other Community Services Block Grant	0	0	0	0	0

Table 7 – Funding Allocation Priorities

Reason for Allocation Priorities

See Method of Distribution section for program allocation priorities in AP 30 Methods of Distribution. States award funds competitively under these programs.

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

See Method of Distribution section for program allocation priorities in AP 30 Methods of Distribution. States award funds competitively under these programs.

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. Detailed methods of distribution can be found in this section below as the information exceeds the maximum amount of allowable space in IDIS.

Distribution Methods

Table 8 - Distribution Methods by State Program

1	State Program Name:	Community Development Block Grant Program
	Funding Sources:	CDBG
	Describe the state program addressed by the Method of Distribution.	The Maryland Community Development Block Grant Program (CDBG) assists county and municipal governments with activities directed towards neighborhood revitalization, housing opportunities, economic development and improvements to public facilities and services. Congress initiated the program in Title 1 of the Housing and Community Development Act of 1974 and provides funds to the State to distribute to non-entitlement areas. Non-entitlement areas are non-urban counties with populations with less than 200,000 people (minus entitlement cities) and municipalities with less than 50,000 in population.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	Please see the CDBG Method of Distribution information for an answer to this question in Word version of the plan or on our website. See link below: https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx

<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Please see the CDBG Method of Distribution information for an answer to this question in Word version of the plan or on our website. See link below: https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx</p>
<p>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)</p>	<p>N/A</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>N/A</p>

	<p>Describe how resources will be allocated among funding categories.</p>	<p>Please see the CDBG Method of Distribution information for an answer to this question in Word version of the plan or on our website. See link below: https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx</p>
	<p>Describe threshold factors and grant size limits.</p>	<p>Please see the CDBG Method of Distribution information for an answer to this question in Word version of the plan or on our website. See link below: https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx</p>
	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Please see the CDBG Method of Distribution information for an answer to this question in Word version of the plan or on our website. See link below: https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx</p>
2	<p>State Program Name:</p>	<p>Emergency Shelter Grant</p>
	<p>Funding Sources:</p>	<p>ESG</p>

<p>Describe the state program addressed by the Method of Distribution.</p>	<p>ESG is designed 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 at imminent risk of homelessness to meet their immediate shelter and safety needs and transition into stable permanent housing.</p>
<p>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</p>	<p>DHCD requires each Continuum of Care and Local Homeless Coalition lead agency 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.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Not applicable to ESG</p>

<p>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)</p>	<p>Eligible grantees for ESG funds are Continuums of Care and Local Homelessness Coalitions, 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 and Local Homelessness Coalition lead agencies are local government agencies and non-profits.</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>Not applicable to ESG</p>
<p>Describe how resources will be allocated among funding categories.</p>	<p>Anticipated allocations by eligible activity for 2020-2024 are:</p> <ul style="list-style-type: none"> • Street Outreach – 2.5% • Emergency Shelter - 30% • Rapid Re-Housing - 44% • Homelessness Prevention - 16% • Admin – 7.5% <p>DHCD uses matching State funds to provide administrative and HMIS funds to Continuums of Care.</p>

	Describe threshold factors and grant size limits.	Not applicable - Funds are awarded to CoCs according to need based on annual PIT Count and HMIS data.
	What are the outcome measures expected as a result of the method of distribution?	<ul style="list-style-type: none"> • Reduced length of time people experience homelessness • Reduced rate of first-time homelessness • Increased placement of people experiencing homelessness into permanent housing • Reduced number of formerly homeless persons losing permanent housing and returning to the homeless system
3	State Program Name:	HOME Program
	Funding Sources:	HOME
	Describe the state program addressed by the Method of Distribution.	<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>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</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 80 percent of the area median household income, adjusted for household size and determined annually by HUD.</p>
<p>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Not Applicable</p>
<p>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)</p>	<p>Not Applicable</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>Not Applicable</p>

	<p>Describe how resources will be allocated among funding categories.</p>	<p>Please more information on resource allocation, please see the Word version of the plan or on our website. See link below: https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx</p>
	<p>Describe threshold factors and grant size limits.</p>	<p>Please more information on threshold factors and grant size limits, please see the Word version of the plan or on our website. See link below: https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx</p>
	<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>Please more information on expected outcomes please see the Word version of the plan or on our website. See link below: https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx</p>
4	<p>State Program Name:</p>	<p>Housing Trust Fund Program</p>
	<p>Funding Sources:</p>	<p>HTF</p>

<p>Describe the state program addressed by the Method of Distribution.</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 the 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>Describe all of the criteria that will be used to select applications and the relative importance of these criteria.</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>If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)</p>	<p>Not applicable to HTF</p>
<p>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)</p>	<p>Not applicable to HTF</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>Not applicable to HTF</p>

<p>Describe how resources will be allocated among funding categories.</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>
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Describe threshold factors and grant size limits.

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 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.

<p>What are the outcome measures expected as a result of the method of distribution?</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.</p> <p>The following outcomes are expected from allocated funding priorities to provide:</p> <ol style="list-style-type: none"> 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 <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>
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5	State Program Name:	Maryland Department of Health HOPWA Program
	Funding Sources:	HOPWA
	Describe the state program addressed by the Method of Distribution.	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.
	Describe all of the criteria that will be used to select applications and the relative importance of these criteria.	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.
	If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)	Not applicable to HOPWA

<p>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)</p>	<p>Not applicable to HOPWA</p>
<p>Identify the method of selecting project sponsors (including providing full access to grassroots faith-based and other community-based organizations). (HOPWA only)</p>	<p>Project Sponsors are currently government agencies with programs that target services to people living with HIV/AIDS (PLWHA). MDH plans to announce a Request for Applications during FFY2022. After competitive review, two approved applicants will begin providing HOPWA services approx. January 2023. The solicitation will 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.</p> <p>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>

<p>Describe how resources will be allocated among funding categories.</p>	<p>HOPWA</p> <p>Anticipated allocations by eligible activity for 2022 are:</p> <ul style="list-style-type: none"> • Tenant-Based Rental Assistance (TBRA) - 56% • Short-Term Rent Mortgage Utility Assistance (STRMU) - 9% • Permanent Housing Placement Assistance (PHP) - 3% • Support Services - 23% • Administrative Costs - 9%
<p>Describe threshold factors and grant size limits.</p>	<p>Funds are distributed according to the EMSA award amount. Otherwise, there are no limits or threshold factors in the awarding of HOPWA funds.</p>
<p>What are the outcome measures expected as a result of the method of distribution?</p>	<p>(1) To provide the supports necessary to achieve affordable, safe housing for low-income persons living with HIV/AIDS.</p> <p>(2) To enhance housing stability and support retention in HIV care; and</p> <p>(3) To assist participants to find and maintain stable housing (supportive housing case management).</p>

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 2023/ FEDERAL FISCAL YEAR 2022 ALLOCATION

The State of Maryland estimates receiving an amount equivalent to the amount received in SFY2022/FFY2021 - \$7,989,911. The estimated award will be divided into the following categories:

STATE OF MARYLAND CDBG ALLOCATION – FFY 2022	
State Administration (2% + \$100,000)	\$259,798
Technical Assistance (1%)	\$79,899
Community Development (82% - \$100,000)	\$6,451,727
Special Projects (15%)	\$1,198,487
TOTAL	\$7,989,911

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.

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 2023/FFY2022, the State will also use approximately \$400,000 of program income and returned or recaptured funds.

All funds awarded during the program year 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. Though discussed below, additional information about meeting national objectives are found in the section entitled “CDBG Income Determination and Qualification.”

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.

PRESUMED CLIENTELE:

The following clientele are presumed by HUD to be of low and moderate income:

- *Abused children*
- *Homeless persons*
- *Elderly persons*
- *Persons living with AIDS*
- *Battered spouses*
- *Migrant farm workers*
- *Adults meeting the Census definition of severely disabled*

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 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.

- 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 administration 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) sub-recipient or business is eligible;
- The project is located in a Maryland 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 sub-recipient or business if they choose to do so. It is recommended, but not required, that municipalities and counties develop written policies that 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 sub-recipient 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 (See Exhibit O); 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 (See Exhibit O).

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 Sub-recipient 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.

INELIGIBLE COSTS:

Though eligible per regulations, 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 subrecipients.

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 sub-recipients 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 building, then grantees or sub-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 up to 25% of award 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. Note that these

requirements do not apply for utility connections as part of a water/sewer project.

15. Housing - Housing Rehabilitation Program Restriction - Application – 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 – Housing Rehabilitation – Age of House/Lead Paint 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 water/sewer connections.

17. Housing – Loans - If it is the intention of the applicants to use all or any portion of CDBG funding as a loan to a sub-recipient 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, sub-recipient and developer.

18. 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 sub-recipients 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.

19. Housing - Rental Housing Renovation Restriction – When using CDBG funds for the renovation of rental housing, the use of CDBG funding is restricted to: 1) the acquisition of a developed property 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.

20. Insurance - Flood – Flood insurance is required for all buildings acquired, rehabilitated or renovated, including housing, that are located in the floodplain. 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. 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.

21. 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 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. 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.

22. 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.

23. 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.

24. 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 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. Additional information about impacted projects and processes can be found in Exhibit N.

25. 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.

26. 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.

27. 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.

28. 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.

29. 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.

30. Program Income - Program Income is defined as gross income received by the grantee, sub-recipient 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 sub-recipient 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 sub-recipient 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 sub-recipient.

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.

31. 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.

32. 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, then 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.

33. 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 sub-recipient or business, the grantee shall enforce this requirement with a lien or other legal mechanism between themselves and the sub-recipient 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 sub-recipient 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.

34. 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.

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.

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.

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. Please note that 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.

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 sub-recipients 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 – Sub-recipients 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.

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. 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. Please note that the submission to the Clearinghouse must be submitted by the government applicant, not the sub-recipient 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. Applicants must still mail in complete copies of the application.

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 of their application.

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 will have 84 days to prepare their applications after the application workshop is held. Any funds not awarded in the competition will be added to the Special Projects category. For the SFY 2023 competitive application round, the maximum amount an applicant may seek is \$800,000.

Application Submission Information

The applications are due by Wednesday, June 15th by 2:00 p.m. Those received after the designated date and time will be rejected. Applications are to be submitted in the DHCD application portal and mailed or delivered to DHCD.

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 2020, 2021 and 2022. CDBG Project Managers will contact existing grantees prior to the application due date to discuss progress and issues. Grantees with grants awarded prior to SFY2020 that are not 100% drawn will not be eligible to submit new applications for funding unless there are extenuating circumstances approved in advance by the program.

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
PUBLIC PURPOSE - Consistency (10) - Severity of Need (30) - Community Support (5)	45 Points
PROJECT IMPACT - Affordability (0) or (5) - Impact on Need (10) or (5) - Benefit to LMI Households (10)	25 Points
PROJECT MANAGEMENT - Readiness To Proceed (35) - Accuracy of Costs (10) - Capacity (10)	55 Points
LOCAL COMMITMENT / LEVERAGING - Local Commitment (10) - Debt Service (5) - Leveraging (10)	25 Points
BONUS POINTS	15 Points

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 materials (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 sub-recipient or business.

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, sub-recipient 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.

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.

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.

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.

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 is addressed under the Special Projects section of this manual). 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 parameter of the law or laws addressing the CDBG program.

ELIGIBLE NON-ENTITLEMENT GOVERNMENTS

Allegany County – Town 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, the City of Westminster and Carroll County

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

Frederick County – Towns of Brunswick, Burkittsville, Emmitsburg, Middletown, Mount Airy (part), Myersville, New Market, Rosemont, Thurmont, Walkersville and Woodsboro 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 Chevy Chase View, Chevy Chase Village, Chevy Chase Village (Sec.3), Laytonsville and 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, Smithsburg and Williamsport

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

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 80 percent 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 2022 / STATE FISCAL YEAR 2023 ALLOCATION

The State will receive \$ 7,281,352.00 for FFY 2022 (SFY 2023). The award will be divided into the following categories:

STATE OF MARYLAND HOME ALLOCATION –FFY 2022, SFY 2023	
Administrative Allowance	\$ 728,135.20
CHDO Operating Assistance	\$ 30,000.00
Multi-Family Projects	\$ 5,750,000
Single Family Projects	\$773,216,80
TOTAL	\$7,281,352.00

As noted above, in addition to the regular HOME allocation, DHCD expects to receive approximately \$2 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 cost.

2. Other DHCD Programs

FFY 2022 HOME funds in the amount of \$6,253,216.80 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 - \$ 758,135.20 will be allocated as follows:

- \$ 728,135.20 will be used by DHCD for administrative expenses associated with administering the HOME program. The amount set-aside for administrative expenses includes 10% of the FFY2022 regular HOME allocation and 10% of any program income received.

\$ 30,000.00 will be set-aside for CHDO operating assistance. Guidelines for awarding HOME operating assistance to certified CHDOs conducting business in communities designated as HOME non-Participating Jurisdictions (non-PJs) are outlined in Attachment I. Under federal law, a CHDO may not receive HOME support that provides more than 50% of its operating budget in any fiscal year, or \$50,000, whichever is greater. 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 re-certification 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 ten (10) years.**
- More than \$ 40,000 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 ten (10) years.
- More than \$ 40,000 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’ Performance Measurement system:

HOME Investments Partnership Program			
FFY2022 Planned Project Results (HOME Program)			
Outcomes and Objectives*	Performance Indicators	Expected Number	Activity Description
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
*Grantees should use one of 9 outcomes/objective categories below			
	Availability/Accessibility	Affordability	Sustainability
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 2022 HTF Plan Method of Distribution - <https://dhcd.maryland.gov/Pages/ConsolidatedPlan.aspx>

EXHIBIT 3: HOPWA Methods of Distribution

HOPWA funds will be used to support a comprehensive housing program and supportive services targeted to serve persons medically diagnosed with acquired immunodeficiency syndrome or related diseases with total household income at or below 80 percent of area median income. The primary objectives are to prevent homelessness and increase housing stability.

The State of Maryland’s HOPWA program serves the rural counties that are not direct recipients of HOPWA funds as part of an eligible metropolitan area. Counties covered in this program include Allegany, Caroline, Dorchester, Garrett, Kent, Somerset, St. Mary's, Talbot, Washington, Wicomico, and Worcester. In addition, the Maryland Department of Health administers HOPWA funding for the Frederick County/Montgomery County eligible metropolitan statistical areas on behalf of the Housing Authority of the City of Frederick.

The HOPWA program goals support the National HIV/AIDS Strategy objectives: Increase access to permanent, affordable housing resources for individuals and families living with HIV/AIDS to maintain and/or increase housing stability and to promote the integration of supportive service options for these persons and their families to contribute to better health outcomes, especially viral suppression. This continuum of housing support and stabilization services, along with the core medical and case management services available through the Maryland Department of Health’s Ryan White funded programs ensures persons with HIV/AIDS can live as independently as possible, participating in HUD-funded supportive housing programs.

<u>ACTIVITIES TO BE UNDERTAKEN</u>			
TBRA	Tenant-Based Rental Assistance	CM	Case Management Support Services
STRMU	Short Term Rent, Mortgage and Utility Payments	LSM	Life Skills Management Support Services
ADMIN	Administrative Expenses	PHP	Permanent Housing Placement Support Services
		TRANS	Transportation Support Services
<u>PROJECT SPONSORS TO IMPLEMENT ACTIVITIES</u>			
Maryland Department of Housing and Community Development			
Washington County Department of Social Services			
Dorchester County Health Department			
Charles County Department of Health			
Housing Authority of the City of Frederick			
Montgomery County Department of Health and Human Services			
Two Future Project Sponsor To Be Announced After Completion of a Competitive Application Process			

STATE OF MARYLAND HOPWA ALLOCATION FFY2022/SFY2023	
HOPWA Housing Subsidy Assistance	
Tenant-Based Rental Assistance	\$1,658,722
Short-Term Rent, Mortgage and Utility Assistance	\$262,244
Permanent Housing Placement Services	<u>\$88,226</u>
Total HOPWA Housing Subsidy Assistance	\$2,009,192
Supportive Services	\$683,342
Grant Administration	
Project Sponsors	\$188,697
Maryland Department of Health	<u>\$67,035</u>
Total Grant Administration	\$255,732
TOTAL STATE OF MARYLAND HOPWA ALLOCATION	\$2,948,266

STATE OF MARYLAND HOPWA ALLOCATIONS FFY2022/SFY2023				
Projects	Activities	FFY2022 Allocation	Prior Year Resources	Total Funds Available
Maryland Department of Housing & Community Development (MDHCD)	TBRA	\$496,564		\$496,564
	ADMIN	\$33,659		\$33,659
	TOTAL	\$530,223	\$0	\$530,223
Washington County Department of Social Services (WCDSS)	STRMU		\$24,180	\$24,180
	PHP		\$4,500	\$4,500
	CM		\$65,900	\$65,900
	TRANS		\$2,560	\$2,560
	ADMIN		\$7,276	\$7,276
	TOTAL	\$0	\$104,416	\$104,416
Dorchester County Health Department (DCHD)	STRMU		\$23,872	\$23,872
	PHP		\$3,062	\$3,062
	CM		\$87,692	\$87,692
	ADMIN		\$8,024	\$8,024
	TOTAL	\$0	\$122,650	\$122,650
Charles County Department of Health CCHD)	PHP		\$8,564	\$8,564
	CM		\$70,785	\$70,785
	ADMIN		\$5,554	\$5,554
	TOTAL	\$0	\$84,903	\$84,903
Housing Authority of the City of Frederick (HACF)	TBRA	\$322,008		\$322,008
	STRMU	\$21,600		\$21,600
	PHP	\$8,000		\$8,000
	CM	\$83,219		\$83,219
	TRANS	\$1,100		\$1,100
	ADMIN	\$30,134		\$30,134
	TOTAL	\$466,061	\$0	\$466,061
	Montgomery County Health and Human Services (MCDHHS)	TBRA	\$840,150	
STRMU		\$81,257	\$111,335	\$192,592
PHP		\$33,600	\$30,500	\$64,100
CM		\$139,586		\$139,586
ADMIN		\$76,622	\$9,928	\$86,550
TOTAL		\$1,171,215	\$151,763	\$1,322,978
To Be Announced After Competitive Proposal Process (TBA)	LSM		\$116,250	\$116,250
	ADMIN		\$8,750	\$8,750
	TOTAL	\$0	\$125,000	\$125,000
To Be Announced After Competitive Proposal Process (TBA)	LSM		\$116,250	\$116,250
	ADMIN		\$8,750	\$8,750
	TOTAL	\$0	\$125,000	\$125,000
Maryland Department of Health	ADMIN	\$67,035	\$0	\$67,035
GRAND TOTALS		\$2,234,534	\$713,732	\$2,948,266

STATE OF MARYLAND HOPWA HOUSEHOLDS FFY2022/SFY2023				
Projects	Activities	Households Served with FFY2022 Allocation	Households Served with Prior Year Resources	Households Served with Total Funds Available
HOPWA Housing Subsidy Assistance				
MDHCD	TBRA Western Region	19		19
	TBRA Eastern Regions	23		23
	TBRA St. Mary's County	20		20
	TOTAL	62	0	62
WCDSS	STRMU		13	13
	PHP		3	3
	TOTAL	0	16	16
DCHD	STRMU		13	13
	PHP		3	3
	TOTAL	0	16	16
CCHD	PHP	0	6	6
HACF	TBRA	23		23
	STRMU	16		16
	PHP	7		7
	TOTAL	46	0	46
MCDHHS	TBRA	65		65
	STRMU	10	14	24
	PHP	9	9	18
	TOTAL	84	23	107
Total Households to Receive HOPWA Subsidy Assistance		192	61	253
HOPWA Supportive Services				
WCDSS	CM		35	35
	TRANS 17 Households included in 35 CM			
DCHD	CM		39	39
CCHD	CM		26	26
HACF	CM	46		46
	TRANS 13 Households included in 46 CM			
MCDHHS	CM	84	23	107
TBA	LSM		10	10
TBA	LSM		10	10
Total Households to Receive Supportive Services		130	143	273

State of Maryland HOPWA Households			
Households to Receive HOPWA Subsidy Assistance			
	Households Served with FFY2022 Allocation	Households Served with Prior Year Resources	Households Served with Total Funds Available
TBRA Subsidy	150	-	150
PHP Subsidy	16	21	37
STRMU Subsidy	26	40	66
Total Households to Receive HOPWA Subsidy Assistance	192	61	253
Households to Receive HOPWA Supportive Services			
	Households Served with FFY2022 Allocation	Households Served with Prior Year Resources	Households Served with Total Funds Available
Case Management of Households that Receive HOPWA Subsidy Assistance	130	123	253
Life Skills Management Households		20	20
Total Households to Receive HOPWA Support Services	130	143	273

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

Refer to AP-25 Allocation Priorities and AP-85 Other Actions - Obstacles to addressing underserved needs. Also AP-30 Methods of Distribution addresses priorities in distributing allocated funds.

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

Not applicable

Acceptance process of applications

Not applicable

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

As of SFY2023, 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

DHCD continues to support 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 2022:

The State uses established methods of distribution for funding and estimates the number of homeless and non-homeless persons that will be assisted based on historical performance. For FY2022, DHCD projects assistance to 14,333 households/individuals broken out as follows:

For the non-homeless low income population households; DHCD will provide;

1. Mortgage assistance to approximately 3,500 homeowners;
2. Finance over 3,000 new or renovated apartments;
3. Provide Tenant Based Rental Assistance to about 3,000 households;
4. Rehabilitate about 2,500 housing units with weatherization and other funding;

In addition, other special needs funding will provide assistance as follows:

1. HOPWA funding will provide 150 Special Needs households Tenant-Based Rental Assistance during the SFY 2023.
2. HOME funding will provide Rental Housing to approximately 3 projects consisting of 60 units. It will also provide funding for rehabilitation/reconstruction of single family housing for approximately nine units in SFY2023.
3. During the SFY2023, ESG will provide close to 1,100 homeless households with rapid re-housing and 500 non-homeless households with homelessness prevention assistance (rental assistance).
4. CDBG anticipates funding the renovation of 30 multifamily housing units and the rehabilitation of at least nine owner-occupied housing units belonging to low and moderate income families.

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 will be provided under the Homeownership for Individuals With Disabilities program; all of which complements the handicapped units produced under the Qualified Allocation Plan for LIHTC.

One Year Goals for the Number of Households to be Supported	
Homeless	1100
Non-Homeless	13,083
Special-Needs	150
Total	14,333

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

One Year Goals for the Number of Households Supported Through	
Rental Assistance	4,750
The Production of New Units	1397
Rehab of Existing Units	4686
Acquisition of Existing Units	3500
Total	14,333

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 to prevent double counting. This number does not include the voucher program administered through DHCD. 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 acquiring new units for homeownership opportunities. DHCD does not acquire homes but rather help non-homeless low income Marylanders with down payment assistance towards the dream of homeownership. Activities in this table reflect the number of low-moderate Marylanders receiving assistance towards homeownership.

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 continues to work with PHAs throughout the State to help them revitalize their physical units. Example is working using the Rental Assistance Demonstration (RAD) program initiated by HUD to help revitalize communities with public housing.

Link to RAD program below:

<https://idis.hud.gov/idis/aapPublicHousing.do?submit=Edit&aapId=900000000059341>

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 consolidate 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 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 of Maryland continue to work with local governments and non-profits to address housing issues facing homeless as well as non-homeless extremely low income, low income and moderate income Marylanders. Statewide, “Non-homeless special needs populations include the elderly, frail elderly, persons with mental, physical, developmental disabilities, persons with alcohol or other drug addiction, persons with HIV/AIDS and their families, and public housing residents. According to the 2017 ACS, there were 362,121 veterans, 727,701 individuals with a disability and 865,817 elderly or individuals 65 years and older. As an estimate of frail elderly, 22% of those 65 and older were 80 years and older.

To address the issues facing the Marylanders with disability, the State's HomeAbility program is a special product designed to assist homebuyers with disabilities to finance their home purchase. One of the qualifications requires that one of the borrowers is disabled or is a guardian. This program continues to help address housing issues facing special populations afford housing with an annual budget of more than \$1.0 million annually. See Link below:

<https://mmp.maryland.gov/Pages/HomeAbility/default.aspx>

In addressing individuals with mental, physical and developmental disabilities, the States Group Homes program utilizes an annual budget of close to \$1.0 million annually. The purpose of the Group Home Program is to help individuals, qualified limited partnerships, and nonprofit organizations to construct or acquire or acquire and modify existing housing to serve as a group home or assisted living unit for eligible persons and households with special housing needs or to refinance mortgages on existing group homes. This program usually finances 4-5 projects annually to help mitigate housing issues facing the special populations. See link below:

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

The State's HOPWA program also provides housing assistance to more than 200 individuals and households living with HIV/AIDS annual with housing related issues. Using HOPWA funds, households receive tenant based rental assistance throughout the EMSA.

Also, 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, Local Homeless Coalitions, advocacy agencies, and persons with lived experience of homelessness, which collaborates and performs 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 supported 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.

2022-2023 Actions:

- Implement a robust Coordinated Entry System for the Maryland Balance of State Continuum of Care, which includes a comprehensive assessment of needs
- Initiated a comprehensive statewide training program on required policies and best practices for an effective homeless services system
- 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 2023 unsheltered PIT Count and for the 2022 Youth REACH count
- Providing rental assistance and services to persons living with HIV/AIDS. Using HOPWA funds approximately 150 households will receive tenant based rental assistance subsidies throughout the Silver Spring-Frederick-Rockville, MD HOPWA Eligible

Metropolitan Statistical Area (EMSA).

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.

2022-2023 Actions:

- 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, and more recently hired a Permanent Housing Systems Project Manager. 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.

2022-2023 Actions:

- Increase and sustain 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
- Organize statewide trainings on rapid re-housing and homeless services best practices.
- 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

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 Youth REACH, 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.

2022-2023 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:

CDBG does not anticipate funding non-homeless special needs population.

The State's Health Department's Commission on Aging provides supportive services to the elderly including nutrition, social activities, health maintenance and transportation.

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	66
Tenant-based rental assistance	150
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
Total	216

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, neither does 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>

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 any policies mentioned that will pose as barriers to affordable housing.

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

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 more than 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 help 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 Health to provide more housing for very low income Marylanders. DHCD is coordinating the use of two Weinberg Grants with DoD and MDH 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 MDH 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 buy downs available for state-up and expanding small and micro business located in revitalization areas across the State.

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	300,000
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
Total Program Income:	300,000

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.	95.00%

**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 for further explanation of amounts due upon sale or transfer)

See Exhibit 2- Method of Distribution

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 Exhibit 2- Method of Distribution

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 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 sub-recipients (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: [HSP-Policy-Guide.pdf \(maryland.gov\)](#)

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 operates independent Coordinated Entry Systems. DHCD supports CoCs with training and technical assistance on HUD requirements, best practices, and HMIS tools, and provides an overview of Coordinated Assessment Requirements in the Homelessness Solutions Program Policy Guide: [HSP-Policy-Guide.pdf \(maryland.gov\)](#).

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) will be allocated.

See Method of Distribution section – AP30

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 sub-grantees, describe the method for distributing HTF funds through grants to sub-grantees 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 sub-grantees, 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. of the FY2022 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. NTF 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.

Not applicable

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."

Not applicable

Discussion:

The error in IDIS persists. There is no template for section for AP 90 for HOPWA. 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 starting in FY 22 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.