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The attached document, the Maryland Sustainable Growth Commission's "Homeownership for Stronger Neighborhoods Statewide", was completed and approved prior to the accession of the current state administration under Governor Larry Hogan and Lt. Governor Boyd K. Rutherford.

This document remains in force, and has been unchanged and unedited from its original format.

Maryland Sustainable Growth Commission

HOMEOWNERSHIP FOR STRONGER NEIGHBORHOODS STATEWIDE

A Report of the
Maryland Sustainable Growth Commission's
Neighborhood Stabilization & Homeownership
Workgroup

January 20, 2015

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This report was prepared by the Maryland Department of Housing and Community Development on behalf of the Neighborhood Stabilization and Homeownership (NSHO) Workgroup of the Maryland Sustainable Growth Commission. The NSHO Workgroup's efforts were completed in response to a letter dated March 19, 2014, from Speaker Michael E. Busch, Maryland House of Delegates.

The Commission would like to thank Speaker Busch, the Workgroup co-chairs and members, and DHCD staff for making this report possible. In addition, a number of experts from the housing and community development community participated in a series of focus groups. Their insight and comments were critical to the development of the recommendations set forth in this report.

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A. INTRODUCTION |

The year 2015 will be a year of change in Maryland. Families and neighborhoods are recovering across the state thanks to an improving economy, lower un-employment rates, and a healthier housing market. Yet, some places are thriving with life and development while others continue to be challenged by lingering negative effects of the recent recession and foreclosures. It is timely therefore to place a renewed focus on homeownership as a vehicle for family and neighborhood stability.

The Neighborhood Stabilization and Homeownership (NSHO) Workgroup first convened in August of this year at the request of the Maryland Sustainable Growth Commission. The Commission was asked by Michael E. Busch, the Speaker of the Maryland House of Delegates, "… to study the impact of the financial crisis on historically owner-occupied neighborhoods and to identify resources and strategies and recommendations to preserve the stability of historically owner-occupied neighborhoods and promote homeownership in these neighborhoods." (A copy of the correspondence is attached hereto as Appendix A).

The Great Recession has had a significant impact on Maryland's jurisdictions, neighborhoods and families. It destabilized neighborhoods, particularly where foreclosed upon homes converted to rental properties. Many of the gains made by institutions working to advance revitalization in their neighborhoods were greatly set back by declines in home sales volumes, sales prices and homeownership levels. Recovery is occurring but is uneven across Maryland.

The benefits of homeownership are many and have been well-known and discussed publicly for many years. In addition to fulfilling a basic need for shelter, homeownership supports family stability, encourages wealth-building, and provides many other social and financial benefits. *The NSHO Workgroup also believes that homeownership is a critical tool in revitalizing or stabilizing rural, suburban, and urban neighborhoods in distress or threatened with decline.*

Speaker Busch, by requesting the formation of this Workgroup, has given Maryland an opportunity to review and investigate the positive role homeownership can play in stabilizing neighborhoods. While the Workgroup understands that homeownership is not a panacea and is not necessarily the best choice for all individuals or families, the Workgroup also believes that, for those households that are ready, homeownership remains an important way to climb the ladder into the middle-class and to live in stable or improving neighborhoods.

The NSHO Workgroup is proud to submit this report, which describes the specific challenges we face in Maryland with respect to reinvesting in homeownership. The report also offers a detailed set of recommendations and strategies to address those challenges. The Workgroup believes these recommendations are complementary to the Commission's recently published "Reinvest Maryland: Accelerating Infill, Redevelopment & Community Revitalization," which describes a "…new vision for reinvestment in Maryland's communities through targeted investments and increased funding, in ways that will benefit Marylanders of all incomes and backgrounds."

Many of these strategies are actionable in the near term, including:

- Grant increased flexibility to the Maryland Department of Housing and Community Development (DHCD) to tailor its single-family tools to meet the needs of communities and neighborhoods designated for revitalization;
- Develop new mortgage products that are needed for historically owner-occupied neighborhoods statewide, including for rehabilitation and construction financing;
- Aim for $500 million in annual mortgage lending through DHCD's Maryland Mortgage Program (MMP);
- Sustain and expand Maryland's current tool kit of revitalization investments;
- Expand the state's commitment to financial education – not just for home buyers and owners, but also as part of the public school curriculum; and
- Convene a cross-sector stakeholder group, like the NSHO Workgroup, to understand and address changing policies at the state and national level that directly affect homeownership, and, by extension, neighborhood stability in Maryland.

The expansion of DHCD's flexibility and financing tools is especially important for neighborhoods where it costs more to build or improve homes than the "after rehab' appraisal values that can be achieved. The NSHO Workgroup addressed the charge from Speaker Busch with:

- Formation of a group of high-level cross sector leaders for the NSHO Workgroup (see inside front cover);
- Six workgroup meetings over the last six months to discuss priorities and findings;
- Formation of a sub-group of the Workgroup to discuss national regulatory issues and other issues external to Maryland.
- Four focus group meetings with real estate professionals, lenders, housing counselors, housing developers, and other stakeholders to identify barriers and opportunities for homeownership as a vehicle for neighborhood stabilization;
- Engagement of the DHCD Office of Research, the University of Maryland, and The Reinvestment Fund to provided research on homeownership trends from before, during, and after the recent recession;
- Review of the tools currently available from DHCD for promoting homeownership and neighborhood stabilization; and

- Review of best practices in Maryland and beyond for promoting homeownership and neighborhood stabilization.

From this work, the Workgroup then developed a set of goals and implementation strategies that are focused in four areas: financial tools and partnerships; consumer education and outreach; capacity building; and, advocacy and legislation. With respect to advocacy, the state should continue to convene stakeholders to focus on a more active policy-driven advocacy effort, particularly to address policy changes emanating from Washington. Congress, HUD's Federal Housing Administration (FHA), various federal regulators and the GSEs affect, in different but significant ways, the flow of grant subsidies and mortgage lending capital. So, state and stakeholder consensus and action on an ongoing basis is needed.

The full set of recommendations immediately follows this Introduction. These recommendations are directly based on the findings, tools and research detailed in Section II of this report. The NSHO Workgroup is confident that working together to implement the following recommendations will help reposition homeownership as a means to provide sustainable shelter for our families and, at the same time, a way to stabilize and strengthen our existing neighborhoods and communities across the State of Maryland.

B. RECOMMENDATIONS |

The NSHO Workgroup's recommendations are grouped into the following four categories: Financial Tools & Partnerships; Consumer Education & Outreach; Capacity Building; and Advocacy & Legislation. These recommendations were developed by the Workgroup after in-depth listening sessions with groups of real estate agents, developers, nonprofit leaders, local government leaders, and housing counselors (as further described in Section II). These recommendations were also informed by research on national and state homeownership trends, as further described in Section II.

FINANCIAL TOOLS & PARTNERSHIPS

Goal 1: Create innovative residential financing tools and incentives to encourage households, developers and lenders to invest in neighborhoods targeted for revitalization.

The Workgroup finds that homeownership investment should be seen as a key driver of neighborhood stabilization and revitalization, in addition to being a vehicle for affordable housing and asset building for individual households. It is challenging to persuade households with financial choices to purchase a home in an area in need of stabilization, many of which have an older housing stock. Therefore, special tools and incentives are needed for targeted revitalization areas such as areas formally designated by the state as Sustainable Communities. (A map of designated Sustainable Communities is attached to this report as Appendix D.)

Recommended strategies:

1.1 Propose legislation that would provide flexibility for DHCD's Maryland Mortgage Program (MMP) such that borrower income limits may be adjusted or removed in designated areas as a means to attract homebuyers with a variety of incomes. This requires legislation.

1.2 Aim to grow DHCD's MMP program from $300 million in lending annually to $500 million within the next three years, including by expanding the downpayment assistance program from $9 million to at least $11.5 million annually..

1.3 Expand "Employer Assisted Housing" programs by engaging corporations, anchor institutions, local governments and non-profit entities, perhaps renewing the "3-way" match that existed with the former Live Near Your Work (LNYW) program.

1.4. Create an "acquisition/rehab" product at DHCD to assist developers and homebuyers attract buyers to targeted revitalization areas. The product should have flexible income limits and terms to assist homebuyers in buying and modernizing homes in older communities, in particular Sustainable Community areas.

1.5 DHCD should encourage its awardees to upgrade homes to include energy efficient designs and "smart house technology" which includes portable device control of such features as home lights, thermostat, and entry locks.

1.6 DHCD should hold workshops with local governments and other partners to educate about best practice financing programs that are statewide and outside of Maryland, as well as those at DHCD.

1.7 Develop tools and outreach strategies to help seniors age safely in their homes and maintain and increase their home values and neighborhood appeal.

1.8 Encourage local governments to use the Neighborhood Conservation Act of 2012 which granted local authority and flexibility in crafting property tax incentives to encourage homeownership investment in locally designated areas in need of revitalization. Consider enhancement of this legislation to include state matching support through state income tax relief or other strategic incentives.

Goal 2: The State should maintain and enhance its innovative "tool kit" of neighborhood revitalization programs.

The Workgroup finds that the State has an array of strong tools in its revitalization tool kit and recommends that those tools be supported by the incoming Administration. These investments lay the groundwork for making targeted neighborhoods more appealing for investment by improving the quality of the local built environment and strength of local businesses.

<u>Recommended strategies</u>:

2.1 Further align state and local resources to invest in designated Sustainable Community areas, with an emphasis on aligning investments to increase homeownership.

2.2 Sustain and where possible expand funding for core revitalization programs including: Community Legacy, the Sustainable Community Rehabilitation Tax Credit, Strategic Demolition Fund, Neighborhood BusinessWorks, and the Baltimore Regional Neighborhoods Initiative.

Goal 3: Expand partnerships between private-sector lenders, DHCD and other stakeholders to expand innovative mortgage lending practices to increase homeownership investment in designated Sustainable Communities.

The Workgroup finds that Maryland's lenders and nonprofits have partnered together on many innovative approaches where homeownership investment is a vehicle for neighborhood revitalization. However, it's sometimes difficult for such innovative "outside the box" approaches to be replicated broadly to achieve scale.

<u>Recommended strategies</u>:

3.1 Work with the Maryland Bankers Association (MBA), the Maryland Mortgage Bankers Association (MMB), and other stakeholders to discuss how to expand awareness and implementation of tools needed by community-based nonprofits to achieve more investment.

3.2 Work further with the Maryland Bankers Association (MBA) and other stakeholders to engage local and out-of-state decision makers, specifically lenders, to identify and address barriers posed by expanded federal oversight and regulation, including new underwriting criteria, that makes some lending approaches more difficult.

3.3 DHCD should develop creative ways to use the Maryland Housing Fund (MHF) for credit enhancement as an incentive to increase private-sector mortgage investment, particularly in areas where the cost to rehabilitate a property results may exceed the ability to achieve higher appraisals and sales levels.

3.4 Work with stakeholders to convene discussions with anchor institutions (particularly universities and colleges and other large employers) to expand employer-assisted housing programs and targeting of incentives to areas in need of revitalization.

3.5 Set up partnerships between DHCD and local housing agencies and/or jurisdictions for specific pools of funds designated for certain homeownership programs run and administered by DHCD.

CONSUMER EDUCATION & OUTREACH

Goal 4: Expand access to high-quality objective financial education beginning in school and into adulthood.

The Workgroup finds that readiness for homeownership is critical to sustaining homeownership -- and financial education is critical to consumer readiness. For homeownership to be a vehicle for neighborhood stability, it needs to be sustainable. Now that the end to the foreclosure crisis is within sight, the state is strongly encouraged to work with nonprofit, government, and lending partners to sustain and expand existing commitments to the delivery of high quality financial education and assistance. Consumer financial education is needed at critical points including: tax preparation, budgeting and savings planning, before and after home purchases, and retirement planning.

In addition, the Workgroup strongly supports the need for personal finance education to begin at an early age and before a student graduates from Maryland's schools in order to arm young people with the life skills needed to make sound financial decisions as they move into adulthood. While financial education curriculum requirements have been adopted in Maryland for teaching personal finance concepts to Maryland students at various times during their K-12 education, school systems may choose to achieve these curriculum requirements through elective courses. The Workgroup supports further strengthening of the State's financial education curriculum requirements by requiring that every Maryland school system offer the curriculum to students through required courses that must be achieved in order to graduate. If legislation is required to achieve this outcome, the Workgroup supports its introduction and passage.

Recommended strategies:

4.1 Establish required financial education courses and graduation requirements in public schools statewide, from Kindergarten through High School.

4.2 Ensure, as appropriate, that objective housing counseling is available for consumers who receive state homeownership incentives (such as down payment assistance).

4.3 Develop financial literacy workshops (taught by industry experts) as an "on ramp" to homeownership for less qualified homebuyers to engage in credit repair, budgeting, counseling, and saving for at least six months prior to searching for a home.

4.4 Encourage local nonprofit housing counseling agencies to provide the full range of Earned Income Tax Credit (EITC), credit repair, and budget counseling in addition to homeownership counseling.

4.5 DHCD should convene lenders and other stakeholders to identify new resources for nonprofit housing counseling agencies to replace an expected downturn in funding as the Attorneys General (AG) Settlement funding is extinguished (end of Calendar Year 2015) and as the revenues to the Maryland Housing Counseling fund decline relative to projected declines in foreclosures.

Goal 5: Expand outreach and education about state and local programs with homeownership incentives.

The Workgroup finds that many consumers, lenders, and real estate agents are not aware of the resources available from the state and local agencies to help them access financial education and homeownership. Therefore, the state should work with stakeholders, such as federal and local governments, real estate agents, and lenders, to implement creative ways to reach and educate consumers.

Recommended strategies:

5.1 Establish capacity and guidelines within DHCD to ensure that local requirements for homebuyer counseling and additional homebuyer incentives are reasonable, straightforward and complementary to the core Maryland Mortgage Program, such that they can be presented on the program Web site and collateral with clarity and timeliness.

5.2 DHCD should convene stakeholders regularly to share outreach strategies; to include lenders, home builders, real estate professionals, and nonprofits working to encourage neighborhood stability.

5.3 Understand the particular interests of "the Millennials" and their attitude toward homeownership in order to craft outreach and incentives appropriate to that demographic.

5.4 Engage the Maryland Municipal League (MML) and the Maryland Association of Counties (MACo) to assist with outreach and education.

5.5 Engage federal, state, and local elected officials to partner with DHCD to host outreach and educational events – similar to the "Mortgage Late? Don't Wait" foreclosure prevention efforts.

5.6 Partner with local housing agencies to promote homeownership around the state by crafting outreach events and incentives appropriate to local demographics.

5.7 Partner with the faith-based community to host outreach events and connect people to counseling and financing resources.

Goal 6: Expand outreach to real estate agents about incentives that are available for home buying and selling in targeted revitalization areas.

The Workgroup acknowledges that real estate agents are an important part of the continuum of support for consumers to achieve sustainable homeownership. Therefore, for new and existing incentives, expanded efforts must be made to engage and educate real estate professionals. In addition, in order to better assure diverse and equitable access to homeownership, outreach materials should be translated into languages that reflect the state's growing diversity.

Recommended strategies:

6.1 DHCD should continue to work closely with Maryland Association of Realtors (MAR) and its affiliates as well as local associations to assure broad knowledge of available incentives for the purchase of homes in targeted revitalization areas.

6.2 Create a special sales commission and other incentives to help real estate agents work in areas targeted for revitalization where lower home values lead to lower sales commissions.

6.3 Create outreach materials and home buying materials in languages that reflect Maryland's growing diversity.

6.4 Partner with federal, state and local diverse organizations that support this effort by working closely with the real estate sales community.

CAPACITY BUILDING

Goal 7: Build the capacity of nonprofit developers and for-profit developers and their contractors to expand homeownership investment in targeted revitalization areas.

The Workgroup finds that there are a number of community-based organizations and community-focused local governments and nonprofit and for-profit developers that are making an important difference through residential acquisition, rehab, and resale to new homebuyers. However, due to uncertain market appraisals, funding streams, and other factors resulting in costs that may equal or exceed value, these stakeholders face difficulty in obtaining financing and managing development costs. State and local partners should work together to increase support for nonprofits and their private-sector partners.

Recommended Strategies:

7.1 Create a construction financing mechanism that for-profit and non-profit developers can access to finance acquisition, rehab, and resale of properties in older communities (in particular in designated Sustainable Communities areas).

7.2 Align the construction loan financing program with grant funds through other state revitalization programs.

7.3 Work with building and trade organizations to develop training and coaching opportunities for contractors so that they can develop greater scale and proficiency.

7.4 Work with the Maryland State Department of Education (MSDE), Small Business Development councils and others to identify and build contractor capacity, with an emphasis on assisting minority-led businesses.

7.5 Establish an operating grant program to build the ability of nonprofit Community Development Corporations (CDCs) and Community Development Financial Institutions (CDFIs) to attract revitalization investment to their communities.

7.6 Expand the capacity of nonprofit CDFIs to provide/participate in lending that contributes to homeownership development and revitalization in neighborhoods targeted for revitalization.

7.7 Work with the Maryland CASH Campaign to expand the capacity of nonprofit groups to provide free and objective tax preparation counseling to eligible households. Building capacity of nonprofit groups that can help lower-income households take advantage of The Earned Income Tax Credit (EITC) and become ready for homeownership is a critical need.

ADVOCACY & LEGISLATION

Goal 8: A policy-oriented group of stakeholders from the public and private sector should meet regularly to determine how they might advocate jointly for issues that encourage homeownership and neighborhood stability.

The Workgroup finds that, in the wake of the housing crisis and recession, a number of reforms and policies being put into effect at the federal government level will have a significant impact on access to homeownership and neighborhood stability. *Therefore, a new cross-sector policy group should be convened regularly to establish and advocate for common ground positions on critical issues, balancing the need to make safe sustainable mortgages with policies that may inadvertently limit access to homeownership.*

Recommended strategies:

8.1 Stakeholders should convene to take steps to implement the recommendations of this Workgroup in a coordinated manner. This could begin in the near-term by working with DHCD, the Commission, and other stakeholders to establish a new policy-oriented group to review, support, and recommend federal policies that positively affect homeownership and neighborhood stability in Maryland.

8.2 Stakeholders should work together to support continued reenactment of federal tax exemption for borrowers who receive a waiver of mortgage deficiency upon short sale, deed in lieu of foreclosure, or other non-strategic default restructuring.

8.3 Stakeholders should work together to encourage regulators and Congress to include revitalization and stabilization efforts among those activities that would qualify for Community Reinvestment Act (CRA) credit.

8.4 Stakeholders should work together to encourage changes to the U.S. Department of Housing and Urban Development (HUD) regulations that relate to housing subsidies and are at cross purposes with homeowner and revitalization interests.

8.5 Stakeholders should advocate for the adoption of an exemption to the Consumer Financial Protection Bureau's (CFPB) loan originator compensation rule for loans made under Housing Finance Agency programs in order to encourage more active participation by lenders.

8.6 Stakeholders should work together to understand changing appraisal requirements and processes – including those of the GSEs -- that may inadvertently slow homeownership transactions or hinder sales in neighborhoods where "comps" may not adequately reflect or support investments made in newly rehabilitated properties.

II. RESEARCH & EXISTING TOOLS |

Section II provides a summary of the Workgroup's examination of the new context within which homeownership and neighborhood stabilization efforts must operate. Many issues that shape this context are external to or "larger than" Maryland, and are highlighted in Section A.

Section B. provides highlights from research conducted by The Reinvestment Fund (TRF) and the University of Maryland National Center for Smart Growth Education and Research. This research examined trends in Maryland's homeownership levels, lending volumes and home sales values from before the "housing bubble," through the subsequent recession, and then through the recent period of economic and housing recovery (roughly the period from 2000 through 2013). These trends were analyzed relative to places – "strata" – that reflect different levels of pre-recession health (Appendix E map) as well as place-based changes in homeownership rates from 2000 to 2013 by census tract (Appendix F map).

Section C summarizes the primary homeownership financial tools and assistance available from the State's Department of Housing and Community Development (DHCD), as well as information about how DHCD has adapted to significant changes in the lending environment in order to maintain and expand its homeownership programs. These homeownership programs, as well as revitalization programs, are further detailed in Appendix B.

In particular, since the passage of the Sustainable Communities Act of 2010, state policy is to focus revitalization investments in designated "Sustainable Community Areas" (SCAs) a map of which is included as Appendix C. This is an important element of state policy that arose from a study published by the Commission in early 2010 that showed that communities that had made the most revitalization progress over the prior fifteen years had the following three things in common: a well-defined target area for investment; a multi-year comprehensive strategy for reinvestment; and, a capable leadership team in place across public and private sectors to implement the strategy.

Lastly, Section D summarizes best practices examined by the Workgroup for promoting homeownership and neighborhood stabilization from throughout Maryland as well as beyond the state. Additional best practices examined by the Workgroup are detailed in Appendix C.

A. Emerging Issues Affecting Homeownership: External Factors

Homeownership has long been a vehicle for family economic security and neighborhood stability. However, in the wake of the Great Recession and near-wake of the housing downturn, a number of factors beyond Maryland will affect how homeownership might continue to be a driver of household wealth creation and neighborhood stability in the state.

Attainment of homeownership has traditionally resulted in significant growth in household wealth. As the figure below shows, while the wealth creation of renter households has long been stagnant, the wealth accumulation of homeowners has steadily risen, even considering downturns related to the foreclosure crisis.

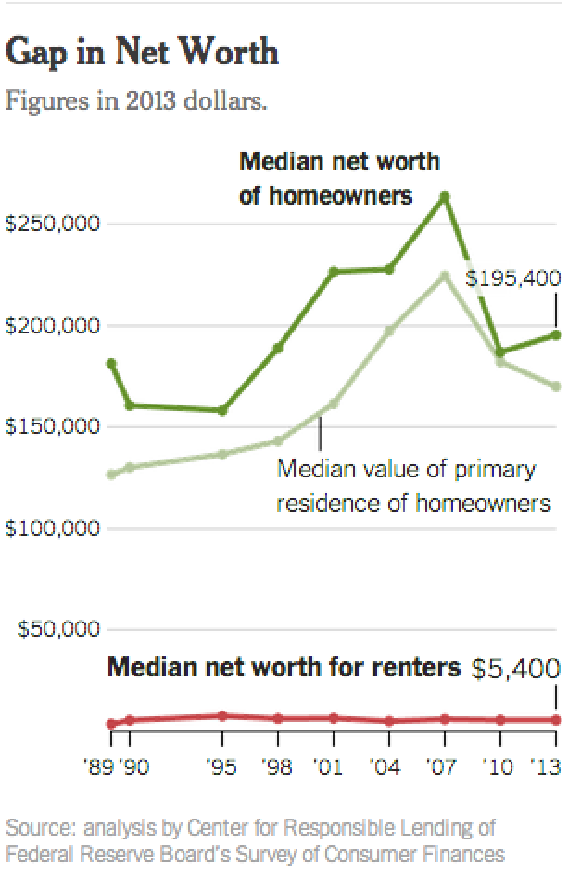


Table 1: CRL depiction of net worth differences between homeowners and renters.

A number of emerging factors may affect access to homeownership in the future, however. These include: well intentioned regulatory reforms at the federal level; gradually rising interest rates; uncertain FHA fees; income stagnation and related demographic trends; and, the uncertain future of Fannie Mae and Freddie Mac. This chapter will provide a brief snapshot of some of these factors.

Regulatory Reforms & Tighter Qualification Standards

The 2010 passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) led to reforms that will significantly affect consumers in the mortgage market. One major outcome was the establishment of the Consumer Finance Protection Bureau (CFPB) as an independent watchdog agency. Another major outcome was the requirement that lenders assure that mortgage borrowers have the ability to repay the mortgages they sign onto.

Complex rules are now in place relative to the concepts of the Ability-to-Repay (ATR) Qualified Mortgage (QM) standards, which aim to define the elements of a "safe" or sustainable mortgage loan. Because of the litigation risk posed by a non-QM loan, as well as the complexity of the new rules, some lenders have exited mortgage lending. Others are limiting their exposure in non-QM loans. In general, housing counselors and consumers are seeing increased scrutiny of mortgage applications.

Relatedly, there have been discussions about the level of homeowner down payment that should be required to better ensure a sustainable mortgage. Discussions have focused on the costs and benefits of down payment levels ranging from a high of 20% to a low of zero.

The interest in increasing down payment requirements is one reaction to the loose underwriting standards that factored into the housing bubble and subsequent foreclosure crisis. However, those interested in not raising down payment requirements argue that low down payments and unsafe lending should not be equated. What is certain is that increased down payment requirements will deter younger and minority households from achieving homeownership since these populations typically save less and have more debt relative to savings.

According to a Center for Responsible Lending (CRL) analysis of the Federal Reserve's 2010 American Community Survey of Consumer Finances, based on median income and assets by race, even a down payment as low as 5% could take 10 to 20 years for households to accumulate. As also shown below by CRL, minority households are affected most significantly by higher down payment requirements. Whatever level of down payment becomes the "new normal," having access to down payment assistance savings may be increasingly critical to attaining homeownership, particularly among younger and more diverse households.

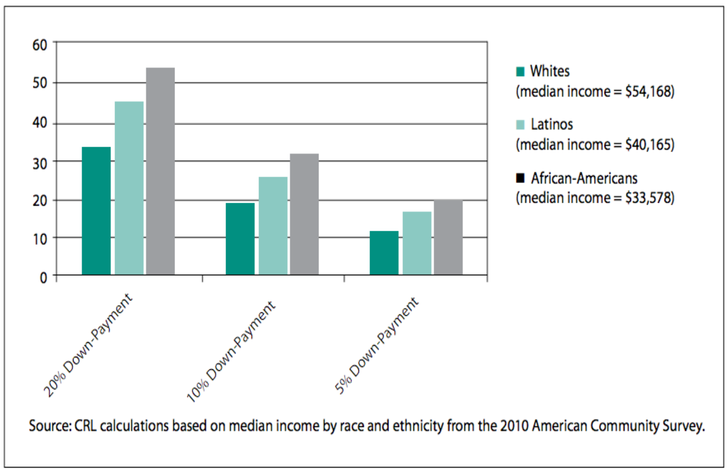


Table 2: CRL estimate for differences in time to save for homeownership based on race and downpayment requirements (vertical axis denotes number of years).

Regulatory tightening is also impacting those with good but lower credit scores. According to the 2014 report, The State of the Nation's Housing, by the Joint Center for Housing Studies of Harvard University (SNH report), "the average score for Fannie Mae-backed mortgages rose from 694 in 2007 to 751 in 2013," and only 15% of loans acquired by Fannie Mae in 2013 were to borrowers with scores below 700, compared to 35% during the 2001 to 2004 timeframe. The SNH report concludes that, "an easing of credit constraints will be one of the most important determinants of how strongly the national homeownership rate rebounds in the coming years."

Relatedly, this factor underscores the importance of financial education, savings strategies, and credit building for households that desire access to homeownership, particularly younger households with less savings.

Income Stagnation & Demographic Factors

According to the SNH report, median household income fell in 2012 to its lowest level in twenty years with the steepest declines felt among households aged 25 to 34 which "fell an astounding 11 percent from 2002 to 2012." However, at the same time, both housing- and non-housing costs significantly rose.

This younger age group -- the Millennials -- is also a group burdened with significant debt, particularly with respect to student loans. The SNH report conjectures that "soaring student loan debt among young adults may play a role in their lagging household formation and homeownership rates. At last measure, in 2010, 39 percent of households aged 25-34 had student loans, up from 26 percent in 2001 and more than double the share in 1989." Under the new QM rule, buyers must have a debt-to-income ratio of no more than 43 percent, including property taxes, insurance and non-housing debt.

In addition, as a group, Millennials are more diverse than earlier such generations with 45 percent from minority groups as compared to 28 percent of the baby boomers. *As such, it is of growing importance to address barriers to minority and immigrant of sustainable homeownership attainment.*

Overall, the 2014 SNH report concludes that "the Millennials will form tens of millions of new households over the coming decade, and their preferences and opportunities will reshape housing demand." And, further that "if mortgage markets cannot accommodate the limited financial resources of this new generation of households, there is a real possibility that fewer Americans will be able to enjoy the benefits of homeownership in the future."

Uncertain Future of Fannie Mae & Freddie Mac

Fannie and Freddie have repaid billions in government subsidies while in conservatorship and are now generating sizeable profits for the U.S. Treasury. So, while there appears less urgency in Congress and the White House to implement reforms in the near term, the future of the Government Sponsored Enterprises (GSEs) remains uncertain. They remain in conservatorship under the regulatory authority of the Federal Housing Finance Agency (FHFA), which began in 2008.

However, the existence of a robust secondary mortgage market – wherein the GSEs or private securitizers buy mortgages from banks, bundle them and sell them to investors as mortgage backed securities – has been fundamental to replenishing the mortgage capital used by lenders in local markets. It is estimated that the GSEs own or guarantee approximately half of the nation's $10 trillion in mortgages. Some attribute the liquidity and credit enhancement provided by the GSEs as critical to maintaining mortgage access. Others feel that the private market can do the job. Still others envision a housing marketplace that combines both approaches.

Conclusion:

Many of the factors that will influence the access of Maryland households to homeownership are external to Maryland. Therefore, it is important for Maryland stakeholders to continue to work together to understand and seek to influence external issues that may significantly restrict mortgage access, particularly those federal programs and regulations that purport to be aimed at helping lower- and moderate-income households and neighborhoods. *In light of this, the NSHO Workgroup included in its recommendations (Recommendation 8.1 above) that DHCD, the*

Commission and stakeholders maintain a group like NSHO to monitor and address state and federal policies that impact Maryland's progress in utilizing homeownership as vehicle for neighborhood stabilization.

B. The Housing Downturn and Recovery: Trends in Maryland

To explore the issue presented by Speaker Busch, a team from the National Center for Smart Growth Education and Research and the nonprofit The Reinvestment Fund (TRF) was engaged by the Workgroup to examine trends in Maryland homeownership levels from 2000 to 2013. The team designed an examination of communities at a moment in time prior to the onset of the recession and then tracked how they changed through and for a few years after the official end of the recession. This effort was complicated by the fact that the basic unit of geography for which the requisite data are reported, Census tracts, change their boundaries over time and thus tracking places can be a challenge.

The strategy entailed creating meaningful groupings of places (i.e., Census tracts) based on a few criteria assessed at their 2000 levels. Specifically, Census tracts were grouped into strata based on: (1) urban/suburban/rural status (2) percent of homes that were owner-occupied; (3) median home price. Then, using a variety of data elements, the team tracked how these groups of places ("strata") changed between 2000 and 2013.[1] For each of the strata, the team tracked a variety of indicators including: (1) home sale prices since 2000 as recorded in Maryland's SDAT[2] database; (2) number, type, purpose and value of home mortgages as well as applicant's income level; (3) number of mortgage foreclosures[3,4]; (4) level of owner occupancy; (5) various demographic characteristics. In addition to describing how the strata changed over time, the team also identified two single-dimension strata categories: (1) state-designated Sustainable Communities; (2) middle-income strata, based on 1999 median family income.[5]

The overall TRF/UMD analysis is available in PowerPoint form as a separate companion document which will be posted, along with this report, on DHCD's website, www.mdhousing.org. Included in this report from that research are two summary maps, attached as Appendices E and F. Appendix E shows the location of the different strata across Maryland's urban, suburban, and rural areas statewide with a close-up of the Baltimore and Washington Metro areas. As described above, these strata reflect, pre-recession, which areas of the state had above or below average homeownership rates as well as above or below average

[1] While the proposed time range extends from 2000-2013, not every database will be available for that range; however, however the analysis maximizes the temporal coverage for every indicator.

[2] "SDAT" is the acronym for the Maryland State Department of Assessments and Taxation database, provided by the Maryland Department of Planning in a product known as "Property View."

[3] MD is a judicial foreclosure state. References to foreclosures in this section mean both the filing of the suit to take back the collateral (sometimes termed a notice of default) and the actual sale of the property (sometimes termed a notice of foreclosure sale).

[4] MD has a foreclosure mediation program that applies to mortgage foreclosures starting in July 2010.

[5] Middle-Priced Markets are defined as Census tracts with 2000/2001 home prices that are between approximately 80% and 120% of three times statewide median family income in 2000. Low Markets = $\leq$ \$150,000; Middle Markets = \$150,000 through \$210,000; High Markets = $\geq$ \$210,000.

sales prices. Appendix F is a mapping of Census tracts showing how ownership rates changed from 2000 to 2010, ranging from an increase of 5% or more to a decrease of 5% or more. In urban areas, on average, places that were of lower owner occupancy at the beginning of the study period did not recover to the same extent as higher owner occupancy places.

Below are highlights from the analysis:

Homeownership Rate: Owner occupancy stood at 67.7% statewide in 2000 and peaked at 69.9% at the beginning of the recession. The rate declined to 66.5% in 2012 and held firm at that rate in 2013. Thus, homeownership dropped approximately 3.4 percentage points off the pre-recession peak. Maryland's rate tracked the US but at all times remained above the US homeownership rate.

	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013
Maryland	67.7%	69.0%	69.4%	69.9%	69.5%	68.6%	67.0%	67.3%	66.5%	66.5%
Delaware	72.3%	72.4%	74.4%	72.5%	73.5%	73.6%	73.0%	71.6%	70.8%	71.7%
Pennsylvania	70.5%	71.5%	71.7%	71.6%	70.8%	70.5%	70.1%	69.5%	68.9%	68.9%
United States	65.9%	66.9%	67.3%	67.2%	66.6%	65.9%	65.4%	64.6%	63.9%	63.5%

Table 3: Annual Rate of Owner Occupancy by State and USA.

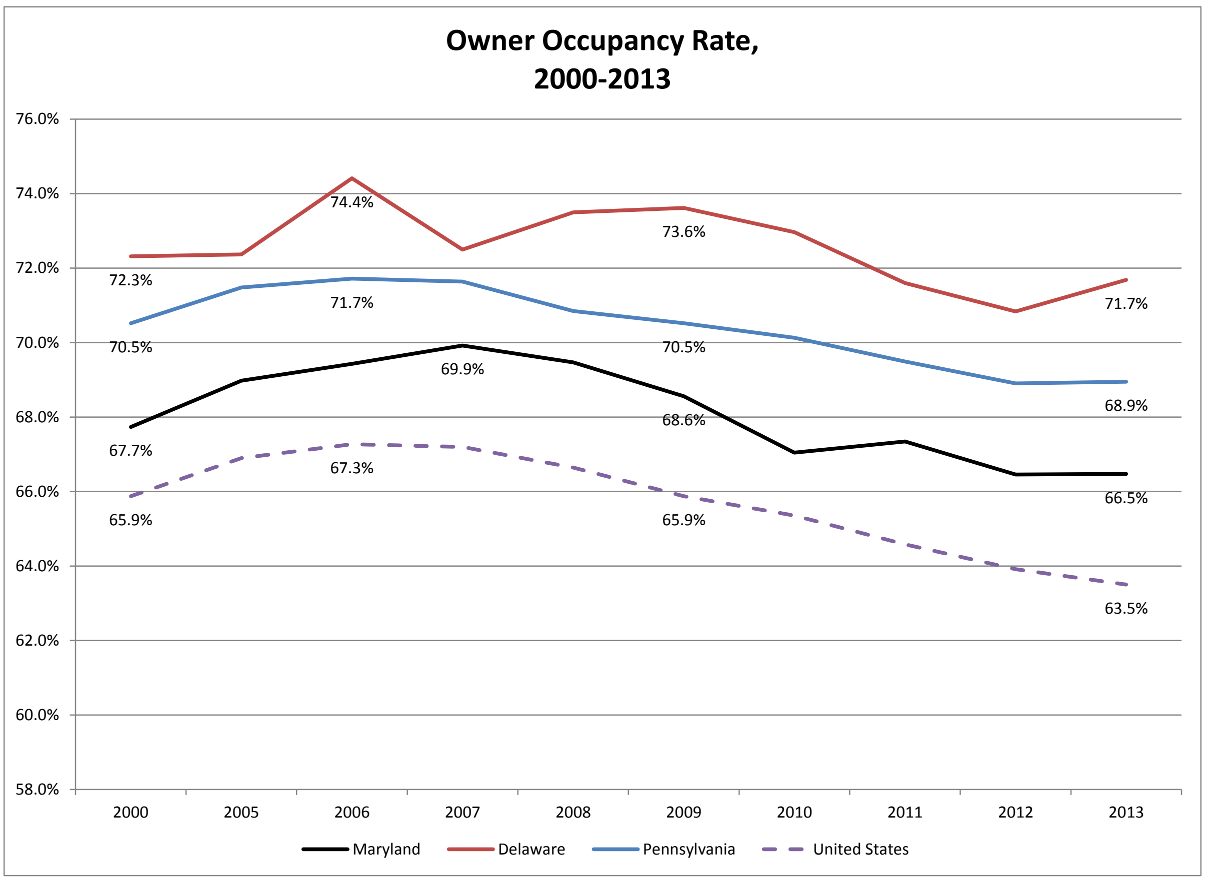


Table 4: TRF chart of owner-occupancy rate changes from 2000 to 2013.

Home Sale Prices: Maryland's home sale prices (in real terms), appear to have more-or-less, returned to pre-bubble levels. However, for homeowners who entered the market (as first-time or repeat buyers) in the years leading into the bubble (or in the bubble), losses are real and significant (**30%+ real losses from peak to current across strata, especially in urban markets**). And those properties contribute a depressing effect on the markets within which they are located. *Policies and activities designed to ameliorate the impact of these properties would benefit the homeowners themselves and their neighbors (as well as taxing entities that experience the adverse impact of depressed real estate). These policies need to focus on making those markets desirable to a wider range of homeowners, including through access to homeownership finance incentives as well as revitalization investments that improve overall quality-of-life issues such as neighborhood safety, schools and amenities.*

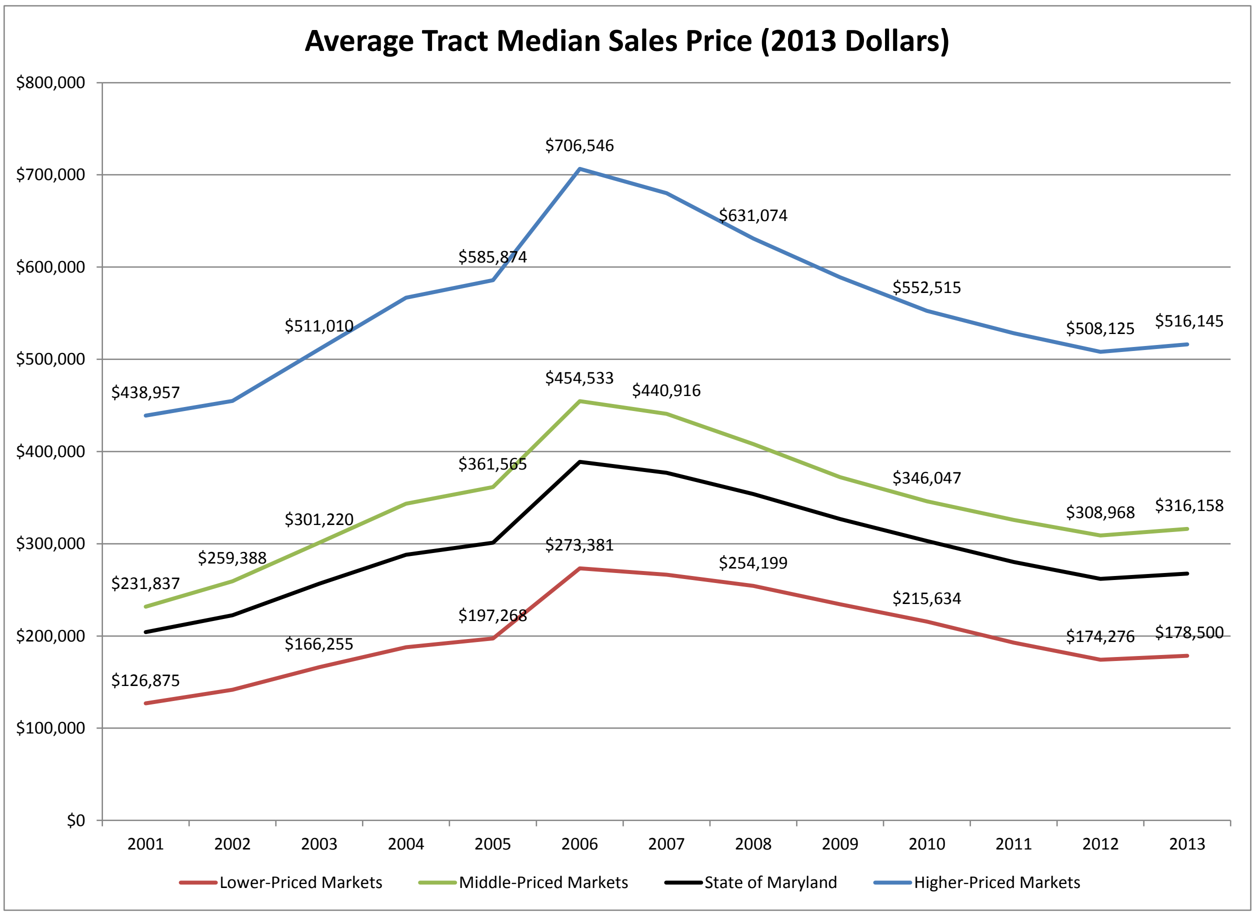


Table 5: TRF chart showing changes in median home sales prices from 2001 to 2013, across lower-, middle- and higher-priced markets.

Population Change & Ethnicity: Many of the areas most hard hit by the recession, particularly from peak to current – urban areas with lower home prices – were home to larger concentrations of Maryland's lower income and minority populations. While the impact of the recession was not exclusive to these places, home price and owner occupancy declines tended to be somewhat more severe.

Foreclosure Trends: The improving housing market, proactive actions taken by the State of Maryland, extensive new programs at the federal level and proactive outreach efforts and loss mitigation programs initiated by banks and loan servicers are having meaningful results. While the actual foreclosure rates in Maryland have increased, numbers sources indicate the uptick is caused by a backlog of foreclosed properties, rather than new foreclosures. Several factors are behind this including adaptation to new state laws and regulations, documentation issues and virtual stops in foreclosure activity, both at the national and state level.

Baltimore City stakeholders note that investor purchases and sales were and are a continuing factor in depressed home values. Further, City stakeholders note that the loss of home value for existing homeowners and the corresponding drop in appraised value resulting in lower home sales prices and amounts lenders will subsequently lend. Foreclosures and heavily discounted sales to investors have negatively impacted entire neighborhoods – such as Patterson Park and Reservoir Hill – in which the market was once strong. Underwater mortgages can subsequently lead to strategic defaults and short sales.

Therefore, continuing a focused set of interventions designed to get homeowners back into a paying status is still needed for those adversely impacted by foreclosures Impactful interventions include, but are not limited to: (1) high-quality housing counseling; (2) reasonably underwritten mortgage refinances and modifications; (3) targeted debt-forgiveness. At the same time it is important to underscore the fact that some homeowners may well lose their homes and the need for affordable, high-quality rental housing will increase (especially for residents of low and moderate income communities wherein the numbers will be likely be significant).

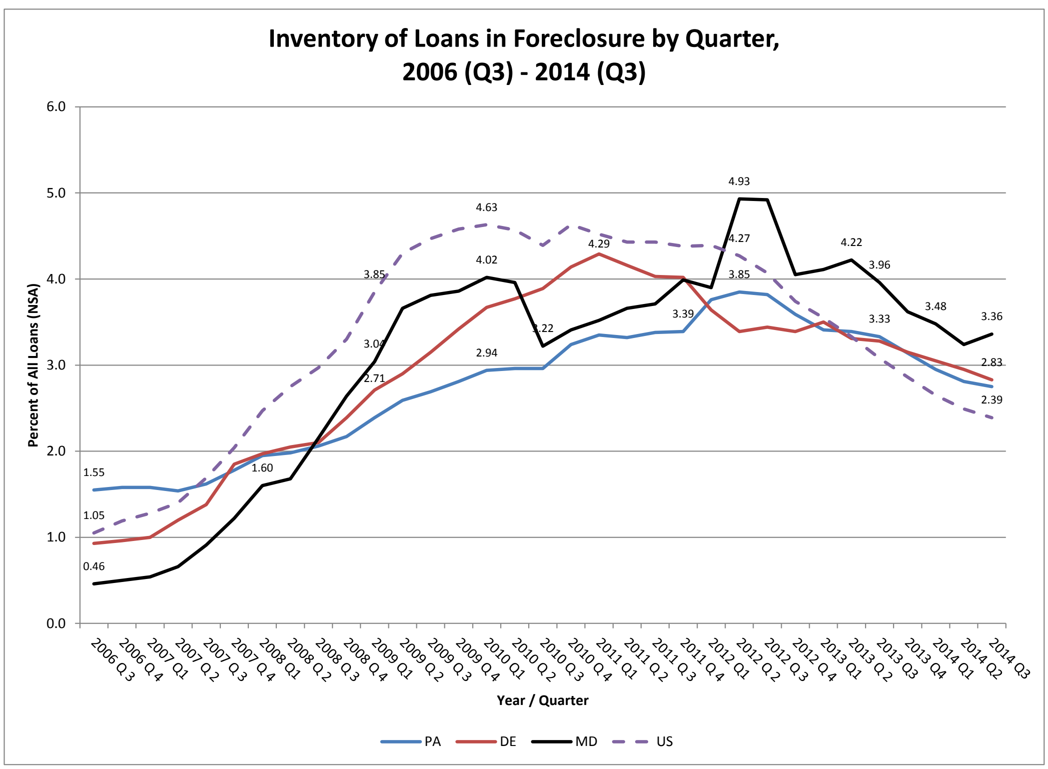


Table 6: TRF chart showing quarterly inventory of loans in foreclosure, 2006 to 2014, across jurisdictions.

Mortgage Loan Originations & FHA: Some of these markets, owing to the depressed prices and foreclosure presence will require special incentives for mortgage lending to return in a meaningful way. These are market problems – not individual homeowner problems. *Evidence suggests that across all strata – but particularly in the urban markets of Maryland – the FHA is vitally important to increasing activity in those mortgage markets. State actions, properly tailored, designed to incent homeowners to buy, refinance and upgrade their properties to complement the FHA presence would create needed competition and product variety in these markets. .).*

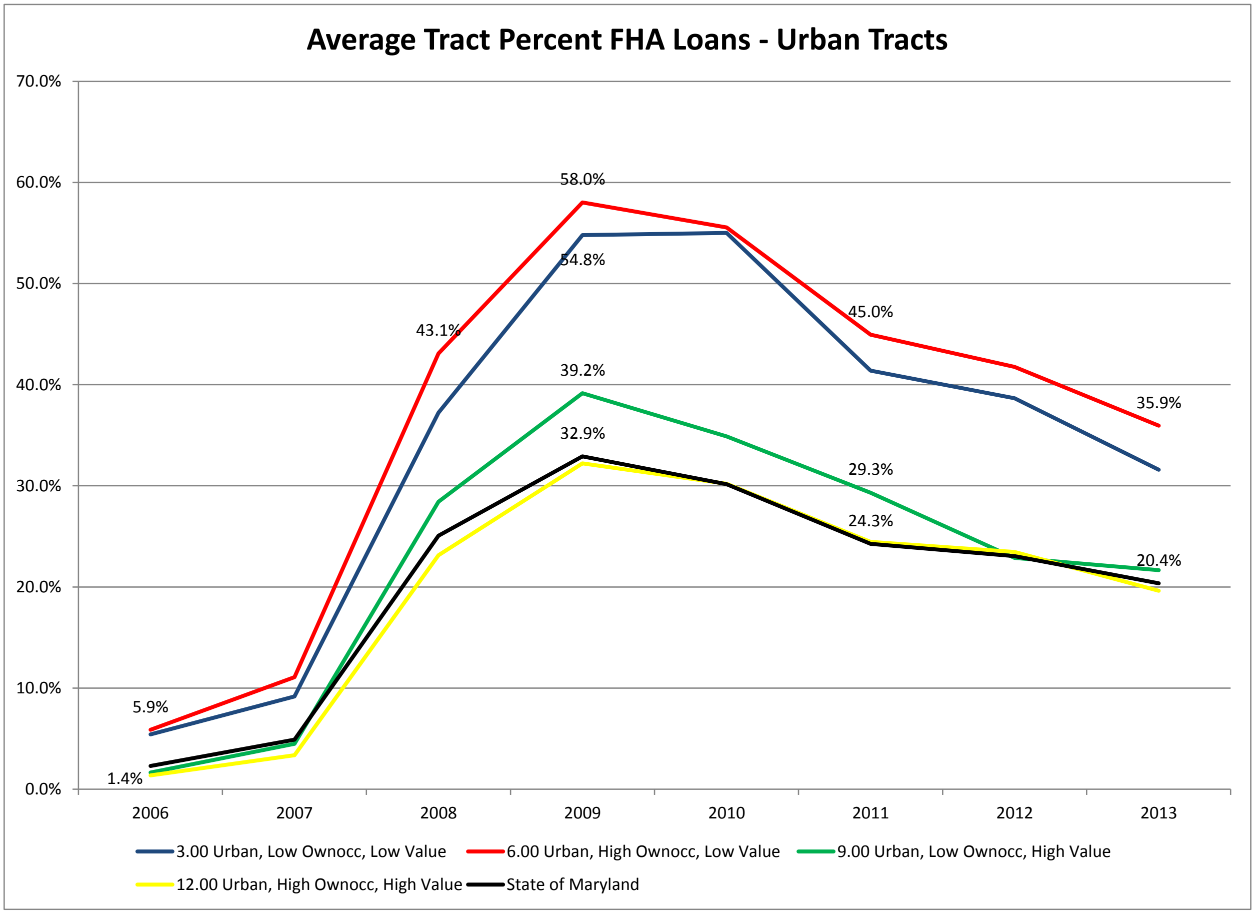


Table 7: TRF chart average percentage of FHA insured loans relative to owner-occupancy and housing values from 2006 through 2013.

Purchase Mortgage Amounts: Loan amounts and income levels for successful mortgage applicants suggest that lower and moderate income households are finding it increasingly difficult to obtain mortgage credit. *Within the confines of prudent underwriting, lower- and moderate-income homeowners would seem to need particular help. Financial counseling and credit and savings building strategies would be important resources for this group of households.*

Middle-Priced Markets: All markets in Maryland saw substantial increases in sale prices in the year leading up to the recession. Prices have more or less returned to pre-bubble levels (or higher) in constant dollar terms. Although the average loss in higher-priced markets was greater in absolute terms than in middle-priced or lower-priced markets, the proportionate loss was greater (-34.7%) peak-to-current in lower- and middle-priced markets (-30.4%). (See Footnote #5 for definition of middle-priced markets)

Sustainable Communities: Throughout the period studied, Maryland's designated Sustainable Communities exhibited lower sale prices than the remainder of the state. The pattern of change mirrored the state (and communities without the designation) during the bubble years as well as in the years post-recession. Over the entire study period, Maryland's designated Sustainable Communities experienced an average Census tract rise in home sale prices of 28% compared to a reasonably similar 30.7% rise in non-designated places. However, the rate of decline post-peak (circa 2006) is greater in designated Sustainable Communities (-34%) compared to non-designated places (-26%). *These areas of lower sales price should be the target for incentives aimed at increasing home values and overall residential market health, particularly since they are already the designated target for local and state reinvestment and revitalization.*

C. DHCD Homeownership & Revitalization Tools

The Department of Housing and Community Development (DHCD) has a range of homeownership tools (Appendix B) to help advance the recommendations set forth by the members of the NSHO Workgroup. For more than 30 years, DHCD has played a major role in helping the state's working families buy their first home through its long-running Maryland Mortgage Program (MMP). Over these years, DHCD has served qualified first-time home buyers by providing fixed-rate mortgage loans with attractive financing terms through privately-raised capital. DHCD has combined its revenue bond issuing authority to provide high loan-to-value (LTV) loans using limited amounts of state-funded down payment assistance. This ensures that as many borrowers as possible can realize the dream of becoming a home owner. Purchases are frequently made in Maryland's older communities, which helps stabilize those neighborhoods.

In fact, as reported to the Workgroup, over the past ten years, DHCD has been able to secure more than $3.1 billion in private capital, which helped about 17,000 Maryland families become homeowners. Without DHCD's attractive fixed-rate mortgage loans and down payment assistance, many of these families would have remained renters and missed out on the financial benefits that come with homeownership. In many cases, borrowers' monthly housing costs decrease when they become homeowners.

Maintaining the effectiveness of DHCD's signature homeownership program, however, faced major challenges during the recent economic downturn and ensuing meltdown of the housing market. Despite these financial market challenges, DHCD has been able to keep MMP going as the best alternative for working families seeking to purchase their first homes. Over the past several years, DHCD leveraged the changes in the markets by turning the challenges into an opportunity to provide even better mortgage products than it had previously offered during its long history. The revamping of the way DHCD raises private capital to provide first-time home owner mortgage loans has led to better mortgage products for Maryland borrowers that work in today's "new normal" environment. These changes have enabled DHCD to:

- Maintain a flow of fixed-rate mortgage funds with attractive terms;

- Provide consistent levels of down payment assistance;
- Initiate a federal tax credit program for the borrower for the life of the mortgage;
- Partner with local governments, non-profits, and private companies to provide greater incentives to first-time homeowners;
- Provide both conventional and government loans to allow home owners to tailor their needs with more mortgage options.

With its revamped MMP lending activity, DHCD can continue tailoring its loan products to offer expanded options support the implementation of the NSHO Workgroup recommendations set forth in this report. Taking into account the legislative changes recommended by the Workgroup, DHCD would be able to expand lending opportunities, provide greater economic diversity, and support the revitalization or stabilization of Maryland's older communities. Providing new mortgage products to encourage existing home owners to stay in their homes or to finance home repairs with suitable financing would also be possible. Helping to expand lending opportunities for "second time" home owners is another opportunity that DHCD could provide to Maryland families.

The future of MMP is very bright and DHCD demonstrated to the Workgroup that it will be an integral tool to further their recommendations and help stabilize older communities through responsible homeownership.

In addition to homeownership finance tools, DHCD is home to most of the state's revitalization tools. The effectiveness and importance of the state's revitalization tools (Appendix C), has been well documented in recent Commission reports including 2010's "Sustainable Maryland: Accelerating Investment in the Revitalization and Livability of Maryland's Neighborhoods," and 2014's "Reinvest Maryland," referred to in this report's Introduction. The focus group input summarized in the next section also emphasizes the importance of these revitalization tools to the work of our local partners.

D. Stakeholder Input: Focus Groups

During its first meeting, the Workgroup decided to convene focus groups with representatives of critical professions and sectors that are fundamental to the health of the state's housing market in order to benefit from their various perspectives and expertise. Four focus group sessions, one hour in length each, were facilitated by a single moderator with approximately 10 – 20 participants per session. Each focus group addressed the same topics and their input is organized below around those topics. Their insights provided critical guidance to the Workgroup in formulating recommendations and considering priorities for investing in homeownership and home improvement as a vehicle for neighborhood stabilization in Maryland.

Group A: Local Government: September 29, 2014

Group B: Nonprofit/For-profit Community Developers: September 29, 2014

Group C: HOPE housing counselors and legal services nonprofits: October 9, 2014

Group D: Mortgage Lenders and Real estate agents: October 7, 2014

Focus Group Input by Topic:

How have the financial environment changes linked to the housing crisis and Great Recession affected homeownership/neighborhoods?

The focus group participants initially responded to this opening question by citing the increased credit requirements such as a recent FHA minimum credit score of 580 for max financing and conventional requirement of 620. The participants further described buyers' frustration with a mortgage process that no longer regarded "compensating factors" as relevant such as student debt, medical costs, divorce, or job loss. However, the focus group members did not confine their observations to just tighter credit and underwriting standards but insisted on covering a broad spectrum of issues that they are confronting in the post-recession housing market. They spoke of a variety of factors that have altered the market's landscape including heightened regulatory compliance requirements; a Millennial generation far more reluctant to purchase a home; the prevalence of aging housing stock in need of modernization; and a reduction or redirection of government programs and resources that previously encouraged homeownership.

From a regulatory perspective, the lenders in the focus groups stated that they were operating in a challenging environment for both mortgage lending and loss mitigation. The "Qualified Mortgage" and "Ability to Repay" requirements are impacting consumers' access to credit and increasing administrative costs for mortgage lending institutions. One lender stated that the largest growth in his payroll over the recent years is in his regulatory compliance unit.
Real estate agents explained that they are challenged by a customer base that now includes the millennial generation. These young adults, ages 25-34, are further hesitant about choosing homeownership because they are typically more encumbered by student debt than prior generations. This reluctance to buy a home stems from the fear of income instability and the under employment they confronted as they attempted to enter the post-graduate workforce during the throes of the Great Recession. This reticence may benefit rental building owners but it is detrimental to sustaining and growing the current homeownership market.

Real estate agents, developers, and local government officials also pointed to the increasingly older housing stock in historic neighborhoods as a barrier to reinvestment because these structures are more expensive to upgrade to modern standards. In particular, participants raised appraisal methodology as an issue in older neighborhoods where "comps" may not support the level of rehabilitation needed to attract new buyers. Additionally, homebuyers, especially younger ones, may expect green and high-tech amenities, such as highly energy efficient appliances, internet and multi-media capabilities, and "smart" house technology to control remotely lights, thermostat, and security features.

According to focus group participants, the need for more rehabilitation work to modernize aging homes further stresses the already limited capacity of reliable local contractors and skilled people in the trades. In the words of one focus group member: "We have a lot of work, but we can't get the contractors to show up. Those that show up are disorganized and not good at running their operation as a business." Participants identified single mothers in particular as facing the biggest challenges to purchasing a home in needed of rehab and repair work.

Focus group participants also volunteered their perception that the commitment of resources by local, state and federal government to encourage homeownership has declined or been redirected as a result of fiscal austerity or competing priorities imposed by the Great Recession. For example, the focus group cited that DHCD has shifted its available HOME Investment Partnership funds in recent years away from single family housing initiatives in favor of multi-family rental programs. Further, FHA now factors in subsidies in their Loan To Value calculations where this financing was previously excluded. Housing counselors, as recipients of government funding, added that they are overwhelmed as they are still responding to the foreclosure challenges while at the same time seeing an increase the demand for pre-purchase counseling as the market improves.

What should the priorities be for encouraging homeownership, home investment/rehab and neighborhood revitalization?

Having provided an overview of the changed homeownership market environment in the wake of the housing crisis and the Great Recession, the focus group participants were encouraged next to offer their observations and ideas on strategies to confront the previously identified challenges. Not surprisingly, the view as to what should be a priority varied depending on whether the focus group room was filled with mortgage lenders, counselors and legal service providers, local government officials, developers, or real estate agents. However, there was one immediate and consistent need identified by all four focus groups: Financial Education and Outreach.

Financial Education and Outreach

Focus group participants uniformly recommended programs that encourage prospective buyers to get early financial education, possibly starting in high schools, and to establish a savings strategy, at least six months before target date for purchase. According to the members, there are some states where lenders send certain loan applicants directly to pre-purchase counseling at the time of application. In the words of one participant, "Prospective buyers need to be told that purchasing a home is not an easy process or certain." Incentives for attending and completing buyer education class such as receiving $500 off closing cost were also recommended.

Participants urged DHCD to do more outreach to get the word out about programs and incentives including scheduling and advertising workshops, providing essential documents (including a list of those essential documents that an applicant must produce to apply for a mortgage) and the enumerated steps of the application process. State agencies and local partners (i.e., county housing departments) were encouraged to collaborate to ensure streamlined application processes and to provide more credit and homebuyer counseling. Participating in a pre-purchase education is a specific requirement for obtaining mortgage and down payment assistance in some jurisdictions; however, home buyers often do not have timely access to the required education in some locations.

Home Rehabilitation and Repair Capacity

In addition to the challenges faced by prospective buyers to update and rehabilitate an older home, focus group participants raised the need for increased funding to help lower income homeowners or senior citizens maintain their homes and install accessibility features such as ramps, stair lifts and mobility impaired bathrooms. Existing programs located in Prince George's, Montgomery, and Howard Counties and the Healthy Neighborhoods program in Baltimore were cited as replicable model initiatives. Members further recommended the creation of construction loan financing tools for developers to encourage home improvements through below-market lending products in partnership with local lenders.

Additional recommendations were to expand the pool of funding for housing rehab loans such as leveraging more private funding coming into the marketing by creating a state funded insurance program to entice more private capital. It was also suggested that the state remove income restrictions on Maryland Home Repair Program loans in targeted revitalization areas.

Homeownership and Neighborhood Revitalization Incentives

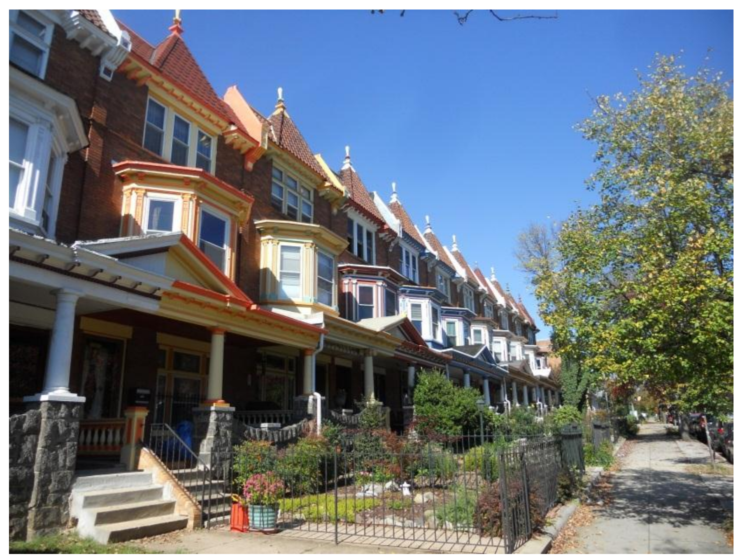
The local government and community-based developers that participated expressed strongly that the state's current "revitalization tool" should be sustained and expanded. Current programs such as Community Legacy and Strategic Demolition provide critical gap financing for neighborhood stabilization projects, including projects that result in new homeownership. Focus group participants also recommended the creation of further incentives to encourage rehab and home purchases in target neighborhoods such as guaranteed loan programs and increased down payment assistance, including "soft second loans" that mitigate cost of private mortgage insurance. A particular incentive suggested to enable younger buyers to purchase in older neighborhoods could be assistance with student loan debt. Real estate agents urged fee incentives to market older neighborhoods where sales prices are relatively low.

E. Best Practices: Maryland and Beyond

As part of the Workgroup's consideration of strategies to promote revitalization through homeownership, staff of DHCD reviewed best practice approaches from within and outside of Maryland. A number of those are highlighted below and a larger list of possible strategies in included hereto as Appendix D.

Innovative Financing Tools and Investment in Community Partners:

<ins>Investment in Targeted Baltimore City Neighborhoods - Healthy Neighborhoods Inc.:</ins> Healthy Neighborhoods is a collaboration of public, private, and philanthropic partners to help strong, but undervalued Baltimore neighborhoods increase home values, market their communities, create high standards for proper improvement, and forge strong connections among neighbors. The initiative focuses on 41 "middle neighborhoods" in Baltimore City. Program investments focus on existing housing and marketing efforts. The area served includes 50,000 residents, with annual production of 25 community development projects and 40 loans to homebuyers. Given the continued recovery from the housing crisis, the area median house prices have nearly doubled from their low of $51,000 in 2011 to a 2012 median house price of $90,000.



Photos courtesy of: 1) Rachel Rock and 2) Healthy Neighborhoods, Inc.

For more information visit: www.healthyneighborhoods.org

Rental Investment that Catalyzes New Homeownership, Commercial, and Retail Investment:

Seawall Development in the Remington Neighborhood of Baltimore City: Seawall Development has undertaken a multilayered homeownership and revitalization strategy focusing on educators and nonprofit offices as a target market. The strategy includes both new construction and renovation of existing housing in Baltimore City's Remington neighborhood. This privately-led community revitalization strategy targets educators as end users. Products range from affordable rental to market rate homeownership. Project examples include:

- Miller's Court, which provides 40 affordable apartments and 30,000 square feet of affordable, share space for nonprofits
- Renovation of 30 nearby vacant row homes marketed first to Miller's Court residents with incentive grants to Baltimore public school teachers and police officers.
- Renovation of a light industrial building across the street from Miller's Court into a mixed-use development that includes a nonprofit theatre and for-profit restaurant.

Photos courtesy of: Seawall Development

For more information visit: www.millerscourt.com; www.singlecarrot.com

Mixed-Income Infill:

EYA Arts District Hyattsville: Arts District Hyattsville is a $213 million revitalization investment in historic downtown Hyattsville including nearly $2 million in public infrastructure improvements financed by state, county and local government partners. The 25-acre retail and residential development is a project of regional real estate developer EYA. Arts District Hyattsville features new townhomes, multi-family homes, live-work homes, and leasable retail space, just two miles from DC.

The two-phased development is primarily town house units with mixed-use owner commercial and residential units occupying Route 1. The existing West Village includes more than 120 new residences and a variety of local businesses. Residents enjoy access to the Lustine Center, a former 1950's automobile showroom converted to the neighborhood's community center.

The project includes a number of design and environmental elements that can serve as a model and be incorporated into projects elsewhere. Including a green roof over the retail portion of the site is the first of its kind to our knowledge in Prince George's County, Maryland; the adaptive reuse of the Lustine building, and pedestrian oriented design and amenities.

Photo Courtesy: EYA's Arts District Hyattsville

For more information visit: http://www.eya.com/Arts_District_Hyattsville

Salisbury Neighborhood Housing Services (NHS) Expanded Tandem Program:

The Expanded Tandem Program provides second mortgages up to 20% of the home purchase price. Salisbury NHS is a certified partner with DHCD. The program is available throughout Wicomico County. Targeted neighborhoods are: Camden, Doverdale/ Church Street and the Westside neighborhood in Salisbury. Targeted communities are below 80 percent AMI. A goal of the program is to promote income diversity. The program provides borrowers with additional cash for home purchase, avoiding the requirement to obtain mortgage insurance for the first mortgage.

The program is not income restricted within target areas; otherwise limited to 120% of AMI. The program has made about 15 loans per year. The average loan amount is $24,000. Maximum loan amount is $45,000. Maximum loan term is 20 years. Loan interest rate matches first mortgage.

For more information visit: http://www.salisburynhs.org/products-services/home-purchase-loans/

Washington County Rent to Own Program: The Rent-to-Own Program allows moderate-income families who live or work in Washington County to lease the home they plan to purchase. During the rental period, the Home Store provides homeownership counseling and the Washington County Community Action Council provides a homeownership coach. Households with 80-120 percent of AMI are eligible. Loan from United Bank; Washington County provided collateral. The program is being augmented with funds from the Maryland Neighborhood Conservation Initiative. Each home receives an average of $165,000 in investment toward acquisition and rehabilitation. Homebuyer pays market rent for up to 5 years. Rent payments are placed in an escrow account that is matched up to $100 per Month by the County. Savings can total more than $18,000 over 5 year rental period. 10 families have been assisted since 2010.

Photo Courtesy: Housing Authority of Washington County

For more information visit: http://www.hawcmd.org/

Montgomery County Housing Opportunities Commission (HOC) "5 for 5" Closing Cost Assistance Loan Program: HOC provides five percent of the sales price up to $10,000 as a second mortgage (10-year term, 5% interest rate) that can be used to cover closing costs. At least one borrower must be working in Montgomery County to be eligible. The program is financed through a $1,000,000 revolving fund with repayments returning to fund. The product must be used with an HOC first mortgage product, with the exception of DHCD's Maryland Mortgage Program and House Keys for Employees program.

For more information visit: http://www.hocmc.org/Properties/Closing-Cost-Assistance.aspx

Prince George's County Municipal Healthy Homes Initiative: The Prince George's County Municipal Healthy Homes Initiative combined Community Legacy funding and Maryland Energy Administration weatherization funds. The initiative allows 10 municipalities within Prince George's County to collaborate by assisting low and moderate income homeowners to make health, safety and weatherization improvements to their homes. The goals of the partnership are to lower utility bills, increase home values, and create a better quality of life for the recipient and community. Funds are provided as a grant to income eligible households.

Prince George's County: My Home Program: The My Home Program provides down payment and closing costs assistance for first-time homebuyers purchasing a property in Prince George's County. Homebuyers can receive a deferred payment loan of up to 5 percent of the home's purchase price for down payment and closing costs assistance.

Neighborhood Preservation and Stabilization Act of 1996 – Demonstration Project: Authorized by Senate Bill 599 passed in 1996, the Neighborhood Preservation and Stabilization Act of 1996 provided tax credits as an incentive for homebuyers to purchased homes in the Hillendale neighborhood in Baltimore County and Waverly in Baltimore City. The demonstration project sought to incentivize homeownership and retain homeowners in both communities in combination with other state and local homeownership and revitalization programs.

The program required the City of Baltimore and Baltimore County to grant a credit against property tax on owner-occupied, residential property. The credit could be matched by a state income tax credit equal to the property tax credit – in effect doubling the credit to 80 percent. The income tax credit was refundable, meaning if the credit exceeded taxes owed by the homeowner, the difference would be refunded. The number of Baltimore County homeowners claiming the credit annually varied between 99 and 246 over the period 2001 and 2012. The presence of a nonprofit organization aggressively marketing the program contributed to the program's success in Hillendale.

Follow the link below to view the 1996 legislation:
http://mgaleg.maryland.gov/webmga/frmMain.aspx?ys=1996rs/billfile/sb0599.htm

Building on the 1996 legislation, House Bill 923, passed in the 2012 Maryland General Assembly Session, created authority for local governments to grant a property tax credit for owner-occupied residential real property that is purchased from July 1, 2012, through June 30, 2018, and is located in an area designated by the local jurisdiction as a neighborhood conservation area. The tax credit would be implemented by the local governments according to a structure that they would choose, and targeted to neighborhoods that they would choose.

Follow the link below to view the 2012 legislation:
http://mgaleg.maryland.gov/webmga/frmMain.aspx?tab=subject3&ys=2012rs/billfile/hb0923.htm

Examples Beyond Maryland:

G.O. Repair! Program: The Austin Housing Finance Corporation (AHFC) provides funding to nonprofit organizations to provide financial assistance to low and moderate income homeowners for repairs that eliminate health and safety hazards and/or provide improved accessibility. With this program AHFC also hopes to "remove logistical barriers between local organizations currently operating home repair programs, reduce or eliminate waiting lists and build the capacity of local nonprofits." Eligible households must be at or below 80 percent of area median income. The program is funded at $2 million annually. The City of Austin's Department of Neighborhood Housing and Community Development enters into contracts with non-profit organizations to provide this service. Applicants will be eligible for up to $5,000 of repairs from nonprofits each year in addition to roof and emergency repairs up to $5,000 made through an AHFC sponsored contract.

For more information visit: http://austintexas.gov/department/go-repair

Neighborhood Stabilization Homeownership (NSHP) Program: The Riverside County (California) Economic Development Agency (EDA) offers the NSHP, which provided "purchase price assistance and an optional home repair component to qualified first-time homebuyer families for the purchase of foreclosed homes throughout Riverside County". The primary objective is to address the problem of abandoned and foreclosed homes in targeted areas within Riverside County. The Program was available to anyone who has not owned a home in the last three years, has an annual income that is not greater than 120% of the area median income as published by the U.S. Department of Housing and Urban Development (HUD), and is purchasing a foreclosed home in the County of Riverside." This Program provided purchase price assistance as a silent second loan in the amount of twenty percent (20%) of the purchase price of the home. EDA purchase price assistance was secured by a deed of trust recorded in second position. The first loan must be a fully amortized, fixed rate; thirty-year mortgage. Note NSHP Program Funds have been exhausted. Program applications are no longer being accepted.

For more information visit:
http://www.rivcoeda.org/NSHPNavOnly/NeighborhoodStabilizationHomeownershipProgram/tabid/1320/Default.aspx

Homeownership Marketing and Promotion: Illinois 2013 Year of Homeownership Declaration: Illinois Governor Pat Quinn declared 2013 the "Year of Homeownership" to emphasize the importance of housing in the economic recovery of the state. The Illinois Housing Development Authority (IHDA) launched five new programs focusing on homeownership, including:

1) Welcome Home Illinois (first-time homeownership with down payment assistance)

2) SmartMove (first-time homeownership with down payment assistance)

3) SmartMove Plus (refinance or non-first time homeownership

4) SmartMove with MCC (homeownership with mortgage credit certificate)

5) SmartMove Trio (homeownership with down payment assistance and mortgage credit certificate); and Illinois Building Blocks (homeownership in certain designated communities to buy vacant properties)

The first-time homebuyer requirement was eliminated from select programs, opening those programs to the refinance and repeat homebuyer market. Illinois hosted the state's first-ever Homebuyer Expo, pre-qualifying hundreds of families for mortgage financing and driving an increase in home sales.

For more information visit: *http://www.ihda.org/homeowner/gettingLoan.htm#IllinoisBuildingBlocks*

Federal Home Loan Bank Programs:

FHLB's Affordable Housing Program (AHP) provides competitive grant awards of up to $500,000 in real estate equity that can be used to help finance rental and ownership housing in order to:

- Reach new customers and borrowers
- Achieve business development and community lending goals
- Facilitate economic development, job creation, and tax base growth

For more information visit: www.fhlbalt.com

Appendix A: The Requesting Letter from the Speaker

MICHAEL E. BUSCH
SPEAKER OF THE HOUSE

30th Legislative District
Anne Arundel County

H-101 State House
Annapolis, Maryland 21401-1991
410-841-3800 · 301-858-3800
800-492-7122 *Ext.* 3800

THE MARYLAND HOUSE OF DELEGATES
OFFICE OF THE SPEAKER
ANNAPOLIS, MARYLAND 21401-1991

March 19, 2014

Mr. Jon Laria, Esq.
Managing Partner
Ballard Spahr, LLP
300 Lombard Street
Baltimore, MD 21202

Dear Mr. Laria:

As you know, I created a Regional Revitalization Workgroup to look at a number of different strategies and opportunities to increase economic development activity, homeownership, and community stability.

Delegates Sandy Rosenberg and Doyle Niemann have sponsored legislation to create a Task Force on Homeownership Strategy to bring together the legislature and state agencies, with the private sector and local governments to study the impact of the financial crisis on historically owner-occupied neighborhoods and to identify resources and strategies and recommendations to preserve the stability of historically owner-occupied neighborhoods and promote homeownership in these neighborhoods.

I believe it would also be prudent to include private development and banking professionals as part of this discussion, to specifically think about what the impacts of changes in the banking have been, development and real estate environment on neighborhoods, families, homeownership and local tax base, as well as what can be done to mitigate any negative impacts.

Since the goals of this Task Force are consistent with those of the Sustainable Growth Commission, I request that its Housing Workgroup undertake this effort during the interim of this year with the intent to recommend legislation to the next General Assembly beginning in 2015 addressing the issues referenced above.

Please let me know if the Commission is willing to undertake this important study.

Thank you for your consideration.

Sincerely,

Michael E. Busch
Speaker

Cc: Secretary Richard Hall
Delegate Samuel I. Rosenberg
Delegate Stephen W. Lafferty
Delegate Peter A. Hammen
Delegate Keiffer Mitchell, Jr.

Appendix B: DHCD Tools

I. Neighborhood Stabilization Homeownership Tools

Program	Purpose/ Description	Funding Source	FY 14 $ Expended / Awarded	FY 14 # of People or Projects	Income Restrictions *(Yes/No)*	Location Restricted *(if yes, describe)*	Notes/Comments
A. DHCD HOMEOWNERSHIP FINANCE & INCENTIVES:							
Maryland Mortgage Program (MMP)	MMP is a mortgage lending product designed primarily for first time homebuyers. The first-time homebuyer requirement is waived for qualified veterans or purchasers in targeted areas.	Funds are provided from private capital which will result in interest rates changing on a daily basis.	$273,014,737	1,537 borrowers	Yes range from 100% to 120% of the Area or Statewide Median Income	No	Targeted areas are federally designated areas that are considered distressed or areas in which 70% or more of the families have an income which is 80% or less of the statewide median family income. In targeted areas, purchasers using MMP do not have to be first-time homebuyers and can go to maximum allowed income limits. Priority Funding Areas (PFAs) are areas designated by jurisdictions in conjunction with the State as areas in which growth should occur. Purchasers using the Maryland Mortgage Program may buy existing homes anywhere in the State, but new construction must be in Priority Funding Areas.

Program	Purpose/ Description	Funding Source	FY 14 $ Expended / Awarded	FY 14 # of People or Projects	Income Restrictions *(Yes/No)*	Location Restricted *(if yes, describe)*	Notes/Comments
Down Payment Assistance Program (DPA)	To assist with the costs of settlement, all MMP loans have the opportunity to receive $5,000 from our Down Payment Assistance program. This is a 0% deferred loan that is repayable upon refinance or sale or transfer of the property.	State of MD Capital Appropriations -- GO Bonds & Special Funds	$8,830,301	1,518 borrowers	Yes See MMP above	No	
Partner Match Programs	Partner Match Programs match contributions up to $2,500 from employer, builder, and community partners with same terms as DSELP	State of MD Capital Appropriations -- GO Bonds & Special Funds	$770,000	290 borrowers	Yes See MMP above	No	Example: House Keys 4 Employees participating employer contributes $1,000 to their employees. CDA would match that with another $1,000 in a zero percent deferred loan. If the borrower is working and purchasing within a jurisdiction that is a priority funding area, he can qualify for another $1,000 from Smart Keys 4 Employees. Total MMP Partners: 312
Maryland HomeCredit Program	A federal tax credit (Mortgage Credit Certificates -- MCC) for the life of the mortgage for eligible homebuyers. The federal tax credit is 25 percent of the annual mortgage interest paid up to $2,000.	Federal Tax Credits allocated with Bond Volume Cap authority	N/A	N/A	Yes See MMP above	No	The homebuyer must get the Maryland HomeCredit at the time they close on their mortgage. Refinance loans are not eligible. The program was launched in June 2014 and to date there have been 117 MMP reservations with the Maryland HomeCredit

Program	Purpose/ Description	Funding Source	FY 14 $ Expended / Awarded	FY 14 # of People or Projects	Income Restrictions *(Yes/No)*	Location Restricted *(if yes, describe)*	Notes/Comments
B. DHCD Energy Efficiency:							
Weatherization	To improve the energy performance, comfort, health and safety of low-income households throughout Maryland	EmPOWER, U.S. Dept. of Energy, LIHEAP, Regional Greenhouse Gas Initiative (RGGI)	$25,195,575	3,698 (households)	Yes, 200% of poverty	No	
Energy-Efficient Homes Construction	To provide construction funding for Net Zero Homes	State of MD Capital Appropriations -- RGGI Special Funds	N/A	N/A	No	Yes	NEW program; FY15 appropriation of $1.5 million. Will partner with private lenders to administer program.
C. DHCD Special Loans, Other Funding & Federal Funds							
MHRP - Maryland Housing Rehabilitation Program	Provides rehabilitation funds for housing or plumbing repairs of single family owner-occupied properties and one to four unit rental properties.	State of MD Capital Appropriations -- GO Bonds & Special Funds	$5,177,618	82 housing units	Yes 80% Adjusted Median Income	No	
AHFS - Accessible Homes for Seniors	Provides accessibility related improvements to the homes of seniors to allow them to remain in their home and maintain their independence.	State of MD Capital Appropriations -- GO Bonds & Special Funds	$236,047	8 housing units	Yes 80% Adjusted Median Income	No	Borrower must be 55 years of age or older.

Program	Purpose/ Description	Funding Source	FY 14 $ Expended / Awarded	FY 14 # of People or Projects	Income Restrictions *(Yes/No)*	Location Restricted *(if yes, describe)*	Notes/Comments
Maryland Affordable Housing Trust (MAHT)	To enhance the availability of affordable housing; eligible activities include: • acquisition, construction, rehabilitation or preservation of affordable housing; • efforts of nonprofit organizations to develop affordable housing; and, • operating expenses of housing developments, which promote affordable housing.	MAHT receives the interest earned on certain trust accounts held by title insurers or their agents under §22-103 of the Insurance Article of the Annotated Code of Maryland, as amended.	$901,793	1,513 housing units/ beds	Yes households earning less than 50% of median income, with a preference given to households earning less than 30% of median	No	Maximum award amount is $150,000. Housing developments can receive a maximum of 3 operating grant awards
CDBG		Federal Funds U.S. HUD	$8,000,000		Yes, generally below 80% AMI	Yes (see note)	Non-entitlement communities of low- and moderate-income
HOME	To improve housing conditions for low- and moderate income households	Federal Funds U.S. HUD	$3,900,000	NA	Yes generally below 80% AMI	No	

Program	Purpose/ Description	Funding Source	FY 14 $ Expended / Awarded	FY 14 # of People or Projects	Income Restrictions *(Yes/No)*	Location Restricted *(if yes, describe)*	Notes/Comments
D. DHCD Homeownership Sustainability							
Maryland Housing Counseling Fund	Financial education through government and nonprofits	State of MD Special Funds	$4,000,000	12,000	No	No	Funding over a year period
Emergency Mortgage Assistance	Loans to help delinquent borrowers catch up	N/A; federal funds in 2012	N/A (see notes)	N/A (see notes)	No	No	One time HUD special initiative in 2012; authority is also in DHCD's statute with no corresponding appropriation. DHCD served 1,320 borrowers with the one-time commitment of $42 million in federal funds.
E. DHCD Credit Enhancement							
Maryland Housing Fund (MHF)	Credit Enhancement for Private Lender Homeownership loans	Existing Insurance Reserves	N/A	N/A	No	No	Approximately $5 million of the MF General Reserve available to leverage private capital to do homeownership initiatives, such as, Acquisition Rehabilitation.
F. DHCD Special Initiatives							
AG Settlement, Neighborhood Conservation -- Statewide	Neighborhood stabilization activities in areas affected by foreclosure and vacancy	One time national settlement with loan servicers	$16,900,000	17 projects	No	Foreclosure affected areas	Funding shown over a three year period

Program	Purpose/ Description	Funding Source	FY 14 $ Expended / Awarded	FY 14 # of People or Projects	Income Restrictions *(Yes/No)*	Location Restricted *(if yes, describe)*	Notes/Comments
AG Settlement, Neighborhood Conservation -- Prince George's	Same as above	Same as above	$10,000,000	N/A	No	Foreclosure affected areas	Funding for multiple years; still implementing programs
Nonprofit Operating Grants	Capacity building grants to CDC's and CDFI	Under consideration by DHCD	TBD	TBD			
G. State Revitalization Tools							
Community Legacy	Provides funding to local governments and community development organizations for essential projects aimed at strengthening communities through activities such as business retention and attraction, encouraging homeownership and commercial revitalization.	State of Maryland GO Bonds	$6,000,000	66 projects	No	Yes Designated Sustainable Communities	

Program	Purpose/ Description	Funding Source	FY 14 $ Expended / Awarded	FY 14 # of People or Projects	Income Restrictions *(Yes/No)*	Location Restricted *(if yes, describe)*	Notes/Comments
Strategic Demolition Smart Growth Impact Fund	The SGIF aims to improve the economic viability of "grey field development" which often faces more barriers than sprawling "green field development." Awards focus on those smart growth projects that can have a high economic and revitalization impact in existing communities.	State of Maryland GO Bonds	$5,000,000	13 projects	No	Yes Designated Sustainable Communities	
Baltimore Regional Neighborhood Initiative	Increases competitiveness of target communities for new homeownership and private sector business, residential and commercial investment through such activities as strategic property acquisition, redevelopment, rehabilitation and new infill development	State of Maryland GO Bonds	$3,750,000	24 projects	No	Yes Designated Sustainable Communities	

Program	Purpose/ Description	Funding Source	FY 14 $ Expended / Awarded	FY 14 # of People or Projects	Income Restrictions *(Yes/No)*	Location Restricted *(if yes, describe)*	Notes/Comments
Sustainable Communities Tax Credit	Helps to preserve and rehabilitate eligible historic structures in communities across Maryland.	State of Maryland GO Bonds	$1,840,000	176 residential properties	No	Yes (see notes)	Eligible residential properties must be: (1) individually listed in the National Register of Historic Places, or (2) a contributing resource within a National Register Historic District, or (3) a locally designated structure or contributing resource to a local historic district that MHT determines to be eligible for the National Register. FY 14 expenditure is an estimate based on part 2 application approvals, as there may be other FY14 applications that have not yet completed work.

Appendix C: Matrix of Best Practices

Best Practices from Maryland and Beyond

Strategy (Name, Description)	City/County State (Country)	Geographic Restrictions	Income Restrictions	Funding Source(s)
Healthy Neighborhoods Collaboration of public, private, and philanthropic partners to help strong, but undervalued Baltimore neighborhoods increase home values, market their communities, create high standards for proper improvement, and forge strong connections among neighbors.	Baltimore City Maryland (USA)	41 middle neighborhoods in Baltimore City	None	Foundation, government, grants
Remington Homeownership Multilayered homeownership and revitalization strategy focusing on educators and nonprofit offices as a target market. Strategy includes new construction and renovation of existing housing.	Baltimore City Maryland (USA)	Remington Neighborhood of Baltimore City	varies	Neighborhood BusinessWorks, Community Legacy, state and federal historic tax credits, New Market Tax Credits
Hillendale Neighborhood Stabilization Multilayered homeownership and revitalization strategy led by Hillendale NHS. Collaboration of businesses, neighborhood associations and the State of Maryland with a strong focus on marketing and community organizing. Savings and loans associations provided soft second mortgages. Included acquisition/rehab product.	Baltimore County Maryland (USA)	Hillendale Neighborhood of Baltimore County	None	Local property tax credit, matched by state property tax credit– in effect doubling the credit to 80 percent.
Dundalk Renaissance Promotes homeownership and revitalization of Dundalk. Partnership between lead nonprofit and a wide range of stakeholders including community residents, government, and the private sector to implement projects and seek investments to promote housing opportunities for a range of incomes.	Baltimore County Maryland (USA)	Zip code 21222	"ideally none" using 80-120 percent AMI for some programs	Baltimore County, HUD, DHCD, Johns Hopkins Bayview, banks, realtors

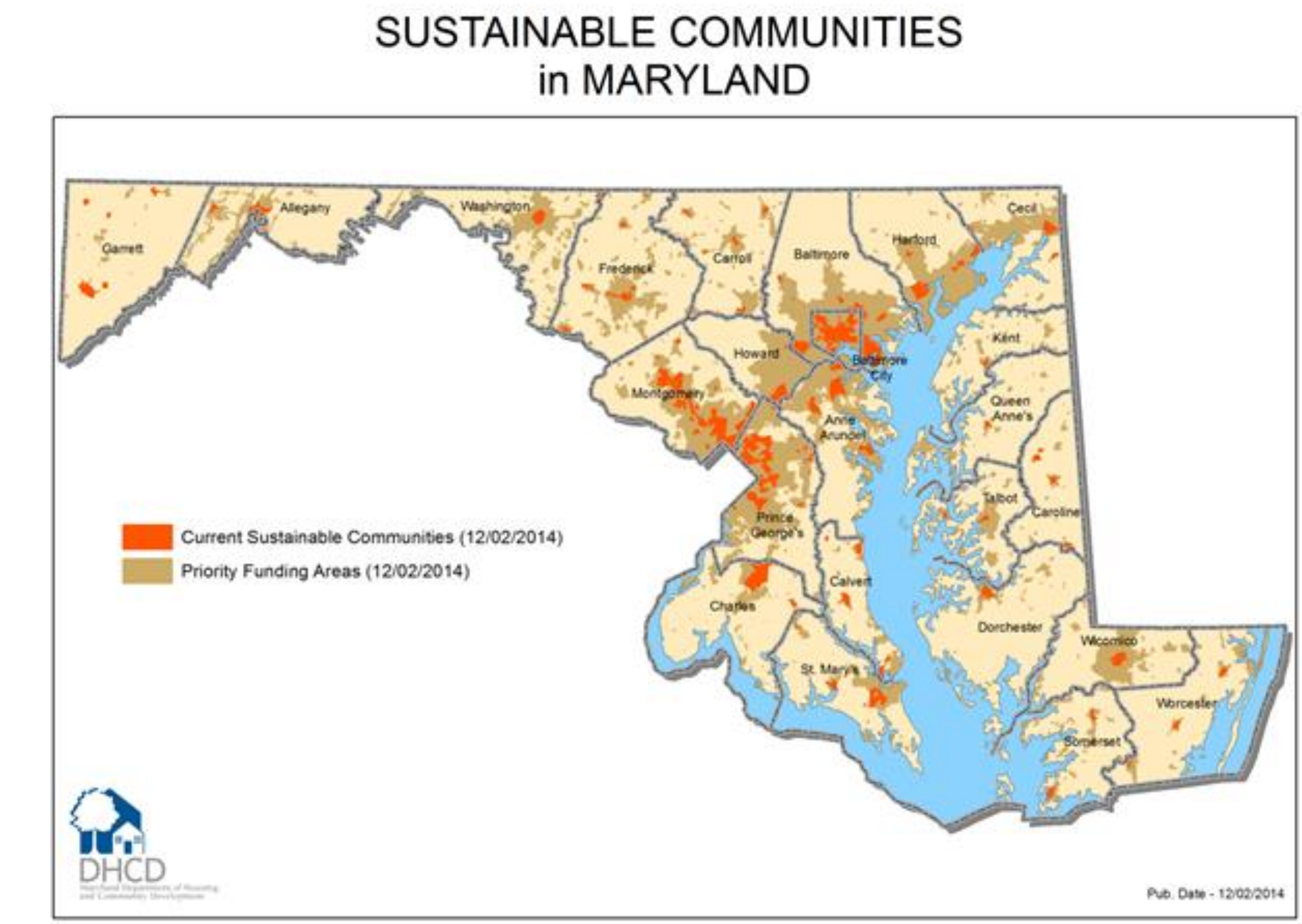
Strategy (Name, Description)	City/County State (Country)	Geographic Restrictions	Income Restrictions	Funding Source(s)
Salisbury 80/20 Program NHS is a certified partner with DHCD. Program provides second mortgages up to 20% of the purchase price. Not income restricted within target areas; otherwise limited to 120% of AMI.	Salisbury Maryland (USA)	Overall community is below 80 percent AMI. Programs aim to promote economic diversity.	Wicomico County. Targeted neighborhoods are: Camden, Doverdale/ Church Street and the Westside neighborhood in Salisbury	None in target neighborhoods, 120% AMI in rest of county
Mortgage Assistance Program ACDS targeted initiatives in Anne Arundel County. The Mortgage Assistance Program provides up to $20,000 in down payment assistance and is one of a range of targeted initiatives for homeowners.	Anne Arundel County Maryland (USA)			
Bowie Senior Housing Improvements In collaboration among 12 Prince George's County municipalities, upgrades to senior housing.	Bowie Maryland Prince George's County (USA)			
Homeownership Rehabilitation Assistance Program (HRAP): The HRAP program provides no-interest deferred loans of up to $60,000 to low-income homeowners (county-wide), who need life-safety repairs and replacements, accessibility upgrades, energy efficiency upgrades and other needed improvements necessary to stay in their homes and stabilize neighborhoods.	Prince George's County Maryland (USA)	County residents.	80 percent of Prince George's County household median income.	Federal (CDBG)
Housing Opportunities Commission Homeownership Initiatives Currently, HOC provides five percent of the sales price up to $10,000 as a second mortgage (10-year term, 5% interest rate) that can be used to cover closing costs.	Montgomery County Maryland (USA)	At least one borrower must be working IN Montgomery County to be eligible		

Strategy (Name, Description)	City/County State (Country)	Geographic Restrictions	Income Restrictions	Funding Source(s)
Rent-to-Own Program The Rent-to-Own Program allows moderate-income families who live or work in Washington County to lease the home they plan to purchase. During the rental period, the Home Store provides homeownership counseling and the Washington County Community Action Council provides a homeownership coach	Washington County Maryland (USA)	Washington County (outside of Hagerstown)	Households with 80-120 percent of AMI.	
Cincinnati's Over-the-Rhine This is an example of a holistic approach to neighborhood revitalization that includes a wide range of actions, including stabilization and homeownership projects. http://www.governing.com/topics/urban/gov-cincinnati-urban-transformation.html	Cincinnati Ohio (Ohio)	Over-the-Rhine neighborhood in Cincinnati	N/A	Partnership
Homeowners' Emergency Mortgage Assistance Program (HEMAP) Created in Pennsylvania in 1983, the program provides emergency financial assistance for residents at risk of foreclosure and to prevent homelessness among Pennsylvanians. Loans (secured by property) are provided to pay steady mortgage payments while homeowners to seek alternate employment, job training, and/or education. http://www.phfa.org/consumers/homeowners/hemap.aspx#sthash.CkLmY3vW.dpuf	Pennsylvania	Pennsylvania	Unemployed	State appropriation and loan repayments

Strategy (Name, Description)	City/County State (Country)	Geographic Restrictions	Income Restrictions	Funding Source(s)
Neighborhood Stabilization Homeownership (NSHP) Program The Riverside County (California) Economic Development Agency offers the NSHP, which provides "purchase price assistance and an optional home repair component to qualified first-time homebuyer families for the purchase of foreclosed homes throughout Riverside County. The primary objective is to address the problem of abandoned and foreclosed homes in targeted areas within Riverside County. The Program will be available to anyone who has not owned a home in the last three years, has an annual income that is not greater than 120% of the area median income as published by the U.S. Department of Housing and Urban Development (HUD), and is purchasing a foreclosed home in the County of Riverside."	Riverside County California (USA)	Riverside County Targeted Areas only	annual income not greater than 120% of the area median income as published by HUD	
G.O. Repair! Program The Austin Housing Finance Corporation (AHFC) provides funding to nonprofit organization to provide financial assistance to low and moderate income homeowners to make repairs that eliminate health and safety hazards and/or provide improved accessibility. With this program AHFS also hopes to "remove logistical barriers between local organizations currently operating home repair programs, reduce or eliminate waiting lists and build the capacity of local nonprofits…" http://austintexas.gov/department/go-repair	Austin Texas (USA)	City of Austin only	low- to moderate-household income, at or below 80 percent of the Area Median Family Income (AMFI) as per HUD	City of Austin GO Bonds!
Urban Farming: Sacramento, CD and Chicago, IL ▪ Sacramento hopes to change zoning to allow small urban farms and sales on residential, commercial and industrial zones. This could clean up blighted lots and enhance Sacramento's Farm to Fork movement and the existing local agriculture industries and heritage. ▪ Chicago changed an existing zoning ordinance (Section 17-2-0207) to allow for community gardens and urban farms, including sales of produce.	Sacramento California Chicago Illinois (USA)	Local Jurisdiction	N/A	N/A

Strategy (Name, Description)	City/County State (Country)	Geographic Restrictions	Income Restrictions	Funding Source(s)
Accessory Dwellings and Family/Caregiver Suites: Building Arlington Local zoning changed to allow a certain number of homeowners to construct accessory dwellings or formalize/repair existing accessory dwellings www.building.arlingtonva.us	Arlington Virginia (USA)	Local Jurisdiction		

Appendix D: Map of Designated Sustainable Communities in Maryland



Appendix E: Strata Maps

Appendix F: Change in Ownership Rate Maps