

GOVERNOR'S COMMISSION ON HOUSING POLICY

Chairman - Victor L. Hoskins, Secretary, Department of Housing and Community Development (DHCD)

Affordable Housing Subcommittee Report to the Full Commission 3/2/04

The Affordable Housing Subcommittee members reviewed the DHCD Programs Chart that illustrated the programs and services the Department administers and manages. The members constructively reviewed programs that they utilized regularly and made concrete recommendations for changes/improvements. In addition, the members were asked to provide an everyday example of why the recommendation will improve the program's implementation and increase the "production" of affordable housing.

Upon receipt of over 56 comments and recommendations, the information was consolidated for review at the February Subcommittee meeting. The recommendations were divided into three categories:

1. Multi-family Recommendations
2. Single Family Recommendations and
3. General Recommendations and Other Comments.

Listed below are the four Primary Recommendations that the subcommittee agreed upon.

1. Primary Recommendations

- a. Link workforce housing needs with local job creation/economic development strategies and projects
- b. Maintain and increase resources for affordable housing (multi-family and single-family) through a dedicated revenue stream (Federal, State, local, private, foundations)
 - i. Create a Revenue Stream Subgroup to further research Best Practices and recommendations (See details on page 2)
- c. Consider a pilot program of funding for housing units targeted to households between 60% and 100% of Area Median Income (include PILOTs)
- d. Encourage, develop and fund education programs including financial literacy, credit counseling and homeownership counseling

The remaining comments and recommendations were divided into the following groupings.

- **Policies (Regulatory, Administrative, Legislative)– Multi-family and Single Family**
- **New Recommendations or Recommendations to be discussed later**
- **Transfer to another subcommittee**
- **Deleted, used as comments, not recommendations**

In addition to the subcommittee meeting, two working groups also met during the month of February.

- February 12, 2004 – Maryland Housing Fund (MHF)
 - Reviewed the existing MHF insurance in force (outstanding insurance and available resources)
 - Discussed potential uses of MHF Insurance and the re-opening of the program
 - Discussed other program ideas not previously identified
- February 20, 2004 – Revenue Stream Working Group
 - Goals
 - Develop funding sources that cover the gap between the total development costs and the income generated through rents or sales prices
 - Identify additional steady streams to finance multi and single family quality affordable housing inclusive of additional incentives to attract private-public partnerships

Strategies

- Strategies are at the State, local and private sector levels.
- Further research MD enabling legislation (if available), best practice examples, definitions, and perform cost/benefit analysis
- Best Practices
 1. Tax Increment Financing/Special Taxing Districts
 2. Consortia of Banks - Pool of banks that need to use CRA credits
 3. Link Deposits
 4. Housing Trust
 5. State Low Income Housing Tax Credit
 6. Investment interest vs debt interest concept
 7. Property Tax
 8. Employer incentives (LNYW concept, Homeownership/Rental assistance)
 9. Development near transit (Transit Oriented Design)
 10. Income tax deduction on mortgage interest for homes
 11. Fees set aside from other services
 12. Credit card for housing
 13. Real Estate Investment Trusts (REIT)
 14. Federal resources – HUD, USDA, Agriculture

Next Meeting

- Affordable Housing – Revenue Stream Working Group - Week of March 23
- Joint Working Group Meeting with Community Revitalization Subcommittee, Finance Innovations and Strategies Working Group – Week of March 29, 2004