

AFFORDABLE HOUSING TRUST FUND PROPOSED SPENDING PRIORITIES FISCAL YEARS 2020-2022 (Amended & Revised)

INTRODUCTION

In an effort to propose a spending plan that would maximize the effectiveness of the Trust funds, DHCD met with leadership from the Fair Development Roundtable and with other stakeholders to reach a consensus on how to best allocate the available Trust funds. The attached plan represents the fruit of those discussions.

PROPOSED SPENDING PRIORITIES

APPROPRIATION	\$17,000,000		\$16,500,000		\$18,000,000	
	FY20		FY21		FY22	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Community Land Trust/Shared Equity	\$4,000,000	23.53%	\$5,250,000	31.82%	\$7,000,000	38.89%
New Construction - Rental	\$3,000,000	18.00%	\$2,000,000	12.12%	\$2,000,000	11.11%
Preservation of Existing Rental	\$2,500,000	14.71%	\$1,630,000	9.88%	\$1,500,000	8.33%
* Preservation of Existing Rental	\$2,000,000	11.76%	\$1,130,000	6.85%	\$1,000,000	5.56%
Senior Homeownership Repair & Homeownership Preservation	\$2,400,000	14.12%	\$1,500,000	9.09%	\$1,208,650	6.71%
* Senior Homeownership Repair & Homeownership Preservation	\$2,900,000	17.05%	\$2,000,000	12.12%	\$1,708,650	9.50%
Choice Neighborhoods	\$2,000,000	12.00%	\$2,000,000	12.12%	\$2,000,000	11.11%
Rent Supplement (3% annual increase)	\$1,500,000	8.82%	\$1,545,000	9.36%	\$1,591,350	8.84%
* Rent Supplement	\$1,750,000	10.29%	\$1,795,000	10.88%	\$1,841,350	10.23%
Inclusionary Housing			\$750,000	4.55%	\$800,000	4.44%
Flexible Funds	\$1,000,000	5.88%	\$1,000,000	6.06%	\$1,000,000	5.56%
* Flexible Funds	\$750,000	4.41%	\$750,000	4.55%	\$750,000	4.17%
Administrative Costs	\$600,000	4.00%	\$825,000	5.00%	\$900,000	5.00%
TOTAL	\$17,000,000		\$16,500,000		\$18,000,000	

* Revised Recommended FY20 Allocation

GUIDELINES

Total appropriation for each fiscal year represents the total of estimated tax revenue plus City contribution. Community Land Trusts and Choice Neighborhoods represent fixed amounts that will not decrease in the event the available tax revenue is less than projections.

Fiscal Year 2020 funding for a Local Rent Supplement program will establish the baseline of households that receive assistance. In the event that the available tax revenue is less than projections, funds may be adjusted in Fiscal Year 2020, however all households receiving a rent supplement will continue to receive rent supplements in future fiscal years.

Article I, Section 14 of the City's Charter provides that administrative costs may not exceed 5 percent of each year's funds. Administrative Costs include staffing, operations, studies and consultants. An example of such a study is a quantitative framework that can be used to minimize displacement.

RATIONALE FOR PRIORITIES

Community Land Trusts. Community Land Trusts are a nationally proven means of creating homeownership opportunities for households earning 50 percent or less of the Area Median Income. Under the land trust model, a nonprofit organization owns the land and sells the home to qualified buyers at a below market price. The land trust's ownership ensures that the home will remain affordable for a 99-year period. When a buyer purchases a home from the land trust, they agree to sell the home to a low-income household and to split the equity with the land trust. In cities with significant racial disparities, land trusts can be a valuable tool used to close the wealth and equity gap.

Choice Neighborhoods. Much of Baltimore's remaining older public housing is obsolete and concentrates poverty. HUD's comprehensive approach to neighborhood revitalization puts public housing residents at the forefront of redevelopment efforts by requiring one-for-one replacement of public housing units as part of comprehensive neighborhood transformation. Choice Neighborhoods provides permanently affordable housing to public housing residents, all of whom earn less than 30 percent of the Area Median Income, by providing housing with the same features as market rate units and requiring amenities such as schools, parks and retail, while providing case management services for residents.

Rent Supplement. Local rent supplements provide ongoing rental subsidies to make housing affordable to households earning 30 percent or less of the Area Median Income. Funds can be project-based providing a long-term operating subsidy to developers. * An increase of \$250,000 was added to this appropriation to produce additional affordable units and assist as many families while reducing the waitlist.

Senior Homeowner Repair and Homeownership Preservation. The City's 2015–2019 Consolidated Plan for HUD indicates that there are over 6200 senior homeowners who earn 30 percent or less of the Area Median Income and close to 3400 senior homeowners who earn 50 percent or less of the Area Median Income. Homeowner repair and preservation programs are one of the most cost-effective means to preventing vacancies, reducing homelessness and minimizing displacement. * An increase of \$500,000 was added to this appropriation for the increasing need for Senior Citizens for maintenance and preservation.

Preservation of Existing Rental Housing. The current baseline of affordable rental units should be preserved and improved. * A decrease of \$500,000 to this appropriation was based on public comments received.

New Construction – Rental. The construction of new, quality affordable housing across a range of communities will ensure that development prioritizes residents with the greatest needs, and is a necessary tool to expand the supply of quality affordable housing.

Inclusionary Housing. Article 13, Subtitle 2B of the City's Code, Inclusionary Housing Requirements, requires that projects receiving public subsidy, city land at a discounted price, or are seeking major re-zoning make a percentage of units affordable. Because of the cost required to make units affordable, funds have only been available to households earning more than 50 percent of the Area Median Income. Allocating a portion of Trust funds to the Inclusionary Housing fund in future years will make housing available in Communities of Opportunities to households earning 50 percent or less of the Area Median Income.

Flexible Funds. A small portion of Trust funds are reserved for the Housing Commissioner to support projects that have been submitted through the NOFA process, but while not scoring the most competitively, are otherwise important to support the Department's overall community development objectives. Prior to awarding funds, the Commissioner must: 1) present the project to one meeting of the Affordable Housing Trust Fund Commission provided that project information including a financial analysis showing why funds are needed are posted on DHCD's website at least 10 days prior to the Commission's meeting; or, 2) present the project at two consecutive Commission meetings. *A decrease of \$250,000 to this appropriation was based on public comments received.