

ABCD Baltimore City Recommendations for the drafting of the 2011-2015 Consolidated Plan

Introduction

ABCD Baltimore City Committee is committed to supporting Baltimore Housing in the creation of its next Consolidated Plan. ABCD represents a diverse and connected group of community based organizations. We are uniquely qualified to identify community development needs within Baltimore as well as offer a wealth of local knowledge for addressing these needs through the Consolidated Plan. Through our planning process, we have brought voice to smaller community development corporations and non-profits that have had little voice in community development policies. We believe that a well-informed Consolidated Plan that is supported by the community will ensure that our City uses its scarce resources wisely and efficiently over the five years the plan covers.

ABCD decided at the beginning of 2009 to lead an effort to increase outreach, education, and engagement in the development of the City's next Consolidated Plan. We have created workgroups, held open meetings and conducted a survey to gather input from our members and other community based organizations. As a result, we have developed a list of issues and recommendations we would like the City to consider in the drafting of the Consolidated Plan. Some of these items are in support of current City policies and practices, and some are new ideas. Starting with some overarching goals, the recommendations are organized in three sections: Affordable Housing, Community Development, and Institutional Structure.

The following are issues and recommendations to consider in the drafting of the Consolidated Plan. Starting with some over-arching goals, the recommendations are organized in three sections: Affordable Housing, Community Development, and Institutional Structure.

Overarching Goals:

1. Communicate in a clearer and more easily understandable manner the policies and recommendations for allocation of the City's resources so that CDCs and CBOs can better target projects, applications, and funding requests with Baltimore Housing.
2. Commit to a planning process with the community that defines and makes clear a community revitalization agenda for the City.
3. Better coordinate efforts between public agencies around community development efforts.
4. Develop strategies for growing the population of Baltimore in ways that stabilize neighborhoods and the lives of the people living in them.
5. Improve access to basic services and opportunities for all residents.
6. Strengthen the capacity of nonprofit community development and housing organizations to better meet the needs of their communities.

Affordable Housing

The need for affordable housing, especially among the lowest income households, is well documented and remains as acute as ever, and is worsened by the current economic recession. Therefore, there is a basic need to maintain - while seeking to grow - access of city residents to affordable housing. There is also a need for targeted efforts that address the diverse affordable housing needs throughout the entire City. Currently there is an apparent strategy vacuum for many areas of the city which are neither stable enough to be considered "Healthy Neighborhoods", nor so distressed that mass demolition is seen as the

best option. Finally, there exists a general lack of shared understanding among Community Development Organizations as to where City resources for affordable housing will be allocated, geographically or programmatically, and why these areas or programs have been selected.

To address these issues in a comprehensive manner, we recommend:

1. Undertake a strategic planning process that results in affordable housing goals, objectives, and priorities for all areas of the City and for all income levels, especially households with the most severe housing needs.
2. Establish and communicate City priorities for rental housing project funds.

More specific needs and recommendations for affordable housing include:

- A.** There is a lack of funding for pre-development for rental housing development and homeownership development, as well as inadequate development subsidy for the renovation and new construction of housing for both rental and homeownership.

Recommendations:

1. Where feasible, consider recapturing City subsidy that is used for both rental and homeownership projects, in particular for developers requiring City support but with means for repayment as a part of the long-term operating budget. This will result in greater program income and therefore more funds available for projects.
2. Create a revolving pre-development loan fund, including an acquisition bridge fund, of 600,000. We recommend that Baltimore Housing issue an RFP for an outside entity to manage these funds.
3. Increase development subsidy for homeownership projects to write down the cost for first-time homebuyers. It costs approximately \$200,000 to acquire, develop and build a home in Baltimore. Unfortunately, many low-income Baltimoreans can only afford a \$100,000 home. The City should increase its assistance to cover the gap.

- B.** The homeownership rate in the City needs to be stabilized and increased, as part of an overall balanced housing strategy that also recognizes that homeownership is not appropriate for all households and that well managed, quality rental housing is also important to neighborhood stability. The credit crisis has resulted in larger down payments required to purchase a home and tighter credit restrictions for first time homebuyers.

Additionally, single-family rental properties are the predominant form of rental housing in Baltimore City. However, there has been a loss of support and capacity for sound management of affordable single-family rental properties, with some non-profits withdrawing from property ownership and property management. This lack of capacity negatively impacts the stability of neighborhoods and the availability of quality rental housing.

Finally, there exists a lack of public information concerning the City's implementation of the new Inclusionary Housing ordinance, and a lack of coordination with other affordable housing strategies and programs.

Recommendations:

1. Dedicate resources and technical assistance to build capacity among non-profit and public purpose entities to manage and maintain single family rental properties.

2. Increase the amount of down-payment assistance/closing cost assistance for homeownership, while also increasing subsidy for the development of rental housing, as recommend earlier. Increasingly mortgage lenders are requiring down payments of at least 3.5%. The current limit of \$5,000 is inadequate. We recommend that is be raised to \$10,000.
3. Ensure that city supported development efforts do not result in a net loss of housing affordable to the lowest income households.
4. The City should end its policy to limit capital funding sources like HOME and Bailey Capital financing to \$30,000 a unit to at least \$50,000. An updated policy is needed to address the City's affordability goals, attract new funding and match funding that already exists.

C. Strategies and programs are needed to help existing homeowners remain in their homes. Specifically there is a concern for elderly and other long-term residents throughout the City. Foreclosures, which often result in vacant properties and the general decline of neighborhoods, also need to be prevented. Finally, because the City's housing stock is old it tends to be energy inefficient.

Recommendations:

1. Efforts should be made to strengthen existing homeowners as part of a broader community revitalization strategy (i.e. Park Heights Master Plan).
2. Provide support for existing homeowners through such programs as rehabilitation loans, foreclosure prevention, and healthy homes programs (energy efficiency, lead paint).
3. Increase funding for rehabilitation loans to at least \$3 million. Additionally, we recommend that the loan funds should be recaptured, and that this be managed by one or more outside nonprofit entities selected through an RFP process.
4. Increase funding for foreclosure prevention services such as housing counseling by at least 10% of current allocations.
5. Stabilize renters impacted by foreclosure by assisting them to remain in their homes or to access good quality housing that they can afford.

D. Vacant properties are abundant and are a potential source of affordable housing.

Recommendation:

1. Streamline the City's process for nonprofit developers to obtain and develop city-owned vacant properties and lots through the creation of a Land Bank.
2. To the extent that properties are foreclosed on and become vacant, they can be a resource for affordable housing. The City should have a strategy for reusing foreclosed properties as affordable rental housing where appropriate, as well as returning them to homeownership uses.

Community Development

We would like to work with Baltimore Housing towards achieving two fundamental goals: *increase demand for living in existing neighborhoods* among renters and homeowners of all income levels, and; *achieve greater equity among residents*, by helping all residents gain access to basic opportunities. To achieve these goals, the Consolidated Plan should focus on specific outcomes that serve as signposts pointing the way toward revitalization without displacement:

- 1) Revitalize neighborhoods to increase housing values and the tax base at a sustainable pace.

- 2) Reduce segregation by race and income; measure current rate in 2010 census and set a goal for reducing this number by 2020.
- 3) Reduce number and impact of vacant structures and lots.
- 4) Require no net loss of affordable rental and homeownership housing.
- 5) Increase the percentage of all housing units that are healthy and green.

No single outcome is sufficient – the data will require constant review and interpretation to determine whether we are on the right track.

A. ABCD members think Baltimore City needs to engage in physical and social development programs that better integrate housing policies with transportation, economic development, education, and sustainability.

Recommendations

Regarding items #1 – 3 below, we recommend that the CDBG funding allocated for the Planning Department be used to 1) support the implementation of existing SNAP plans, and 2) develop at least 1 new SNAP plan per year.

1. Support a community planning process that emphasizes connecting housing, transportation, economic development, education, sustainability and related issues.
2. Support community plans that strategically refit vacant buildings and vacant lots into productive usage that enhance long-term sustainability of the neighborhood.
3. Support the value and implementation of community plans by actively and strategically investing in the nonprofit community development and housing sector to perform services that achieve outcomes at the neighborhood level.

B. Community organizations believe that Baltimore Housing needs to develop strategic priorities utilizing a more transparent process.

Recommendations

1. Facilitate clear and consistent coordination among public agencies as related to housing issues. For instance, new housing development should be more closely coordinated with investments in public education facilities and services.
2. A cooperative effort between Baltimore Housing, the Baltimore Development Corporation, other City agencies, and ABDC members is needed to design approaches that bring community development, small business economic development, housing, and training and job creation together in a complementary way. Support CDC's taking a more active role in community and small business economic development, and training and job creation.

C. The economic downturn is negatively affecting long-term deteriorated communities' ability to get better and threatening other communities' ability to sustain previous community renewal.

Recommendations

1. Utilize code enforcement as a tool for maintaining and strengthening neighborhoods by providing information on resources, agencies, and non-profits where homeowners can go for assistance with repairs, such as the rehab loan program.

2. Place greater emphasis on helping residents remain in their homes by investing in a variety of homeowner assistance programs (i.e. credit counseling, financial planning, energy assistance, etc.)
3. Actively foster a spirit of partnership between community nonprofits, foundations, and the business sector in an effort to be more efficient and effective by sponsoring 1) an annual conference on the City's Housing and Community Development strategies (such as the Healthy Homes conference sponsored by the Health Department), and 2) by designating a representative to ABCD Baltimore City and the Baltimore Homeowner Preservation Coalition who attends the general meetings.
4. Support community-enrichment programs that enhance the quality of life for residents in underserved neighborhoods, helping to improve neighborhood pride.

D. The foreclosure crisis threatens the stability of many of the neighborhoods by lowering the City's tax base and increasing the cost burden for public services – rewinding previous successes in community revitalization.

Recommendations

1. Deploy creative financial products and/or technical assistance programs to preserve housing in reasonably healthy blocks and neighborhoods.
2. Use CDBG funding in concert with recovery programs like NSP I & NSP II in an effort to leverage public resources and increase impact, such as targeting pre-development loans to these areas and organizations.
3. Develop a strategy for managing displaced residents as well as respond to the increased demand on public services.

Institutional Structure and General Comments

In order for federal funding to be effectively accessed, managed, and leveraged, CDCs and CBOs are looking for consistent and reliable information about funding and financial resources so that they can develop realistic and effective goals for their communities. The need for this clarity is the framework for the following issues and recommendations:

1. Make information on where the projected CDBG funds will be allocated, such as the 108 loan payback, administrative, non-profit operating, capital projects, etc., more readily accessible. Our concerns are 1) it is unclear to non-profits how much CDBG funding is available for various program areas, and 2) that as the Affordable Housing Program funding increases less dollars will be available to non-profits in Baltimore.
2. Provide projections for the next five years on the potential income and obligations for the AHP program, 108 loans, UDAG, bonds, general funds and any other key financial resources available to HCD for housing, community development and asset building activities. Additionally, it is unclear as to how much money has been spent on the Affordable Housing Program (AHP) to date, how much remains, the projected allocation of this funding as designated by legislature, and the resulting projects and outcomes. Provide this information to the public on the Baltimore Housing website about how AHP is progressing, the projects to be funded, how projects get on the list, projected use of the funds in FY2010 and 2011, and when the AHP program will end.

3. Improve transparency in the awards and administrative process for CDBG and HOME so that information is accessible and easy to understand. Identify who is involved in the review of applications for CDBG, and the time-frame and methodology of the decision-making process.
4. We feel that improvements have been made to providing access to reports on Baltimore Housing's website (particularly including the Consolidated Plan) and the ability to access the previous year's Annual Action Plan in the archived section. However, we still recommend that the following reports be provided:
 - The most recent Consolidated Annual Performance and Evaluation Review (CAPER)
 - Annual Action Plans for the past three years, including the current (only the current and the past is available).
 - HUD Review and Assessment letters
5. Create a consistent system for e-mail notification to CDCs and community groups when new reports, regulations, and RFPs are available – several non-profits who currently receive CDBG funding did not receive e-mail notification regarding the request for CDBG proposals and the public hearing.
6. Provide regular technical assistance to help CDCs understand the City's regulations and grant administration. ABCD would like to commend Baltimore Housing for their training session on Nov. 16, 2009, which we understand was informative and well-attended, and encourage Baltimore Housing to continue these. We also recommend that additional training sessions be held each Spring for those organizations who have received CDBG funds regarding reporting, project management, etc., and that you use ABCD as a resource to identify the need for technical assistance and possible collaborative trainings.
7. Baltimore Housing and the ABCD Maryland Network should partner to provide training that promotes the best practices in community development and asset building for both City staff and Baltimore's nonprofits so that we can build our collective capacity to address the issues that face our communities.
8. Leverage the City's resources with private capital to create revolving loan funds. Establish a short-term bridge loan fund to organizations with sound financial management systems and guaranteed future income streams, and addressing public funding reimbursement delays that are causing cash flow problems at nonprofit organizations. Also, establish an early predevelopment loan fund.
9. Establish CHDO program policies and procedures that encourage and support the capacity of nonprofits to address their communities' needs. Make clear in writing how the CHDO program will be operated, and set clear guidelines for how CHDO operating support and HOME set asides will be allocated.
10. ABCD members complain that they experience inconsistencies regarding how quickly contracts and reimbursements are processed, depending on the CDBG Program Manager at Housing. To address this, we recommend the following: 1) that all contracts be approved and processed through the Board of Estimates by the start of an organizations fiscal year, and that all reimbursement are paid within 30 days of receipt, and 2) if organizations are having difficulties

in submitting completed and correct contracts and invoices that a system be put in place to provide technical assistance, by CDBG staff members and possibly peer CDBG recipients.

Process / Timeline

Given the importance of the Consolidated Plan to Baltimore Housing's work over the coming five years (2011 – 2015), the ABCD Baltimore City Committee decided at the beginning of 2009 that it would lead an effort to increase *outreach, education, and engagement* in the development of the City's next Consolidated Plan.

- Outreach - Increase the number of ABCD members who are involved in the development of the Consolidated Plan.
- Education - Help ABCD members understand the role and purpose of the Consolidated Plan.
- Engagement - Gather information, ideas, and comments that will help the City develop a Consolidated Plan that best meets the asset building and community development needs of Baltimore City, and ensures the success of ABCD groups and the places and people they serve.

To these ends, the City Committee created three working groups, with volunteer chairs, to cover Affordable Housing, Homelessness¹, and Community Development. In four other areas – Public Housing, Lead Paint Hazard Reduction, and Anti-Poverty Strategy (where there is overlap with Community Development) and Non-Homeless Special Needs, the Committee decided that these issues either were being addressed by other groups, or did not impact the majority of ABCD members. Actions have included:

- At its monthly meeting in July 2009, the City Committee hosted Baltimore Housing's Consolidated Plan coordinator to explain the purpose and use of the Plan, the City's process and timetable for preparation and submission of the next 5-year Plan, and to answer questions.
- The Committee prepared summary material that was distributed to ABCD members regarding the Consolidated Plan, and also posted the current Plan on the ABCD web site. The working groups then started meeting in July and early August to identify needs and recommendations for addressing the needs – representatives from approximately 12 organizations participated in the work groups.
- The committee surveyed the ABCD membership in October / November as part of the information gathering/needs assessment process – twenty-five organizations responded to the survey.
- In January 2010 the draft needs and recommendations of each sub-committee were compiled, shared with the ABCD Baltimore City membership, and discussed with Baltimore Housing. The ABCD Committee will then review the City's draft plan in March 2010 and make public comments.

Participating Organizations

ACLU

AIRS

Baltimore Community Lending

Citizens Planning and Housing Association

Comprehensive Housing Assistance

Druid Heights Community Development Corp

¹ It was decided in the end to not include recommendations made in this area because of the lack of comment and review.

Episcopal Housing Corporation
Garwyn Oaks Housing Corporation
Govans Ecumenical Development Corp
Greater Baltimore AHC
Greater Homewood Community Corporation
Habitat for Humanity of the Chesapeake
Harbel
HCH
HEBCAC
Neighborhood Design Center
NHS of Baltimore
Northeast CDC
Park Heights Renaissance, Inc.
People's Homesteading Group
PNC Bank
Project PLASE
Rebuilding Together Baltimore
SEEDCO
Southeast CDC
St. Ambrose Housing Aid Center
The Development Corporation
University of Maryland Clinical Law
University of Baltimore Law Clinic
WBC CDC
Women's Housing Coalition
As well as several independent consultants

Summary of the Survey

In October and November of 2009 the ABCD Baltimore City Committee conducted a survey on the Consolidated Plan. A total of twenty-five organizations responded to the survey. The responding organizations are primarily focused on community development and housing activities although eight indicated they are also involved in social services and health care. Highlights of the survey included:

1. As organizations look ahead to the community services they will be engaging in over the next five years, 36% identify senior programs. This is closely followed by homeless support services, vacant property remediation, and youth/teen programs.
2. As organizations look ahead to the housing development activities they will be engaging in over the next five years, 68% will focus on homeownership. But, there is strong interest in multifamily, supportive and/or special needs housing, green housing, weatherization and energy assistance, senior housing and mixed income housing.
3. As organizations look ahead to the housing services they will be engaging in over the next five years, 96% will focus on homebuyer education, first-time homebuyer assistance, and foreclosure prevention. Other prominent areas of activity will be permanent supportive housing, residential rehabilitation assistance, transitional housing, and homeless prevention services and emergency shelter.
4. As organizations look ahead to planning and economic development activities they will engage in over the next five years, two-thirds will focus on revitalization of residential districts and one-third will focus on the revitalization of commercial districts. Over one-half expect to be involved in

community garden and park development. Other areas of interest are local business development, fostering entrepreneurship, job training and retentions, transportation-oriented development, and land banking.

5. Organizations were asked their priorities for the use of new public funds. The highest priority was for program costs. Second was shared between pre-development costs, overhead expenses, and technical assistance and training costs.
6. Organizations were asked their views on a number of questions based upon their experiences as recipients of CDBG/HOME funding and other public funding. The following is a summary of their views:
 - Two-thirds of the organizations with a view on the subject do not believe that Baltimore Housing develops strategic priorities with transparency.
 - An overwhelming number of organizations with a view on the subject do not believe that instructions and regulations for the eligible use of public funds are clear.
 - On the plus side, funding requests appear to be responded to in a timely manner and the timeline for awards are usually clear.
 - Respondents are evenly divided regarding the clarity of the funding process and the instructions for applying.
 - Reimbursements for expenses are generally made on a timely basis.
 - Thirty percent of the responding organizations indicate that they are deterred by the public application process.
7. Organizations were asked if they received any training, manuals booklets, or other communications from the City to help learn about the City's federal funding procedures. Interestingly, the responses are divided; those that received information found it to be generally helpful while those that did not receive assistance would generally like to get some help.