

Meeting Summary

The following is a summary of the issues discussed at the Department Housing and Community Development (DHCD) Stat held on October 27, 2011. Analysis is provided by StateStat.

Disaster Response Programs

- **Program Activations after Hurricane Irene and Tropical Storm Lee.** DHCD provides two programs for housing after emergency events, Maryland Disaster Housing Assistance Program (MDHAP) and the Disaster Housing Rehabilitation Program (DHRP). These programs are designed to assist homeowners with emergency housing and loans to rebuild/repair after a natural disaster, respectively. MDHAP was activated for Hurricane Irene and Tropical Storm Lee. DHRP was not activated for either event. Neither program has dedicated funding; if used, funds for these programs are redirected from other programs within the agency or made available by a special allocation from the Maryland General Assembly. After the August storms, there was some confusion as to what constitutes an emergency event where DHCD should make these programs available. If the federal government declares a state of emergency, federal funds are used to provide emergency shelter and home repair funds. However, if DHCD makes these programs available and enrolls participants before the federal government declares a state of emergency, they are not eligible to be reimbursed should the federal government then decide that a state of emergency is warranted. Further, there is no state designation for a state of emergency that triggers DHCD to open these programs. Therefore, there was some confusion on the agency's part after Hurricane Irene and Tropical Storm Lee as to whether or not these programs should be activated. The agency will submit legislation to clarify when these programs should be activated for consideration in the 2012 General Assembly session.

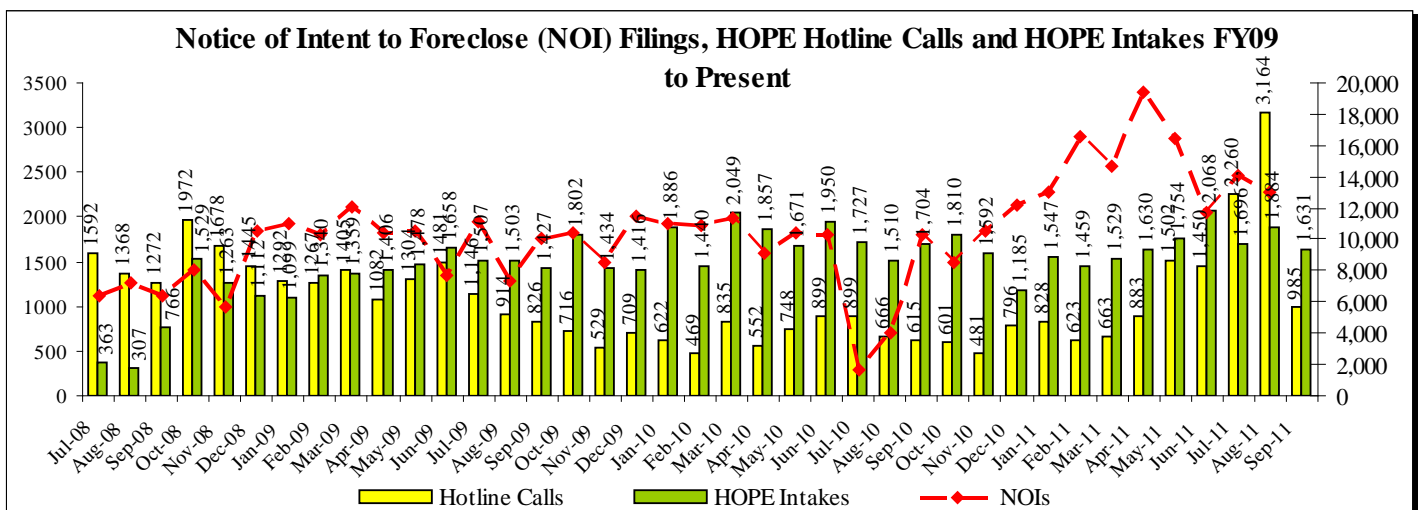
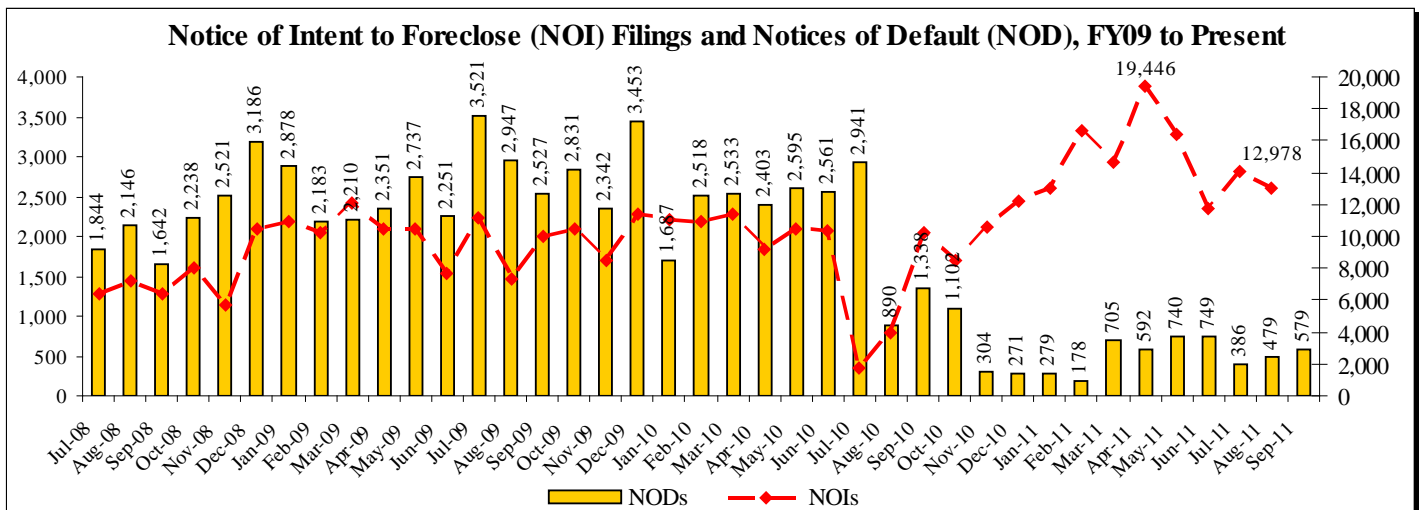
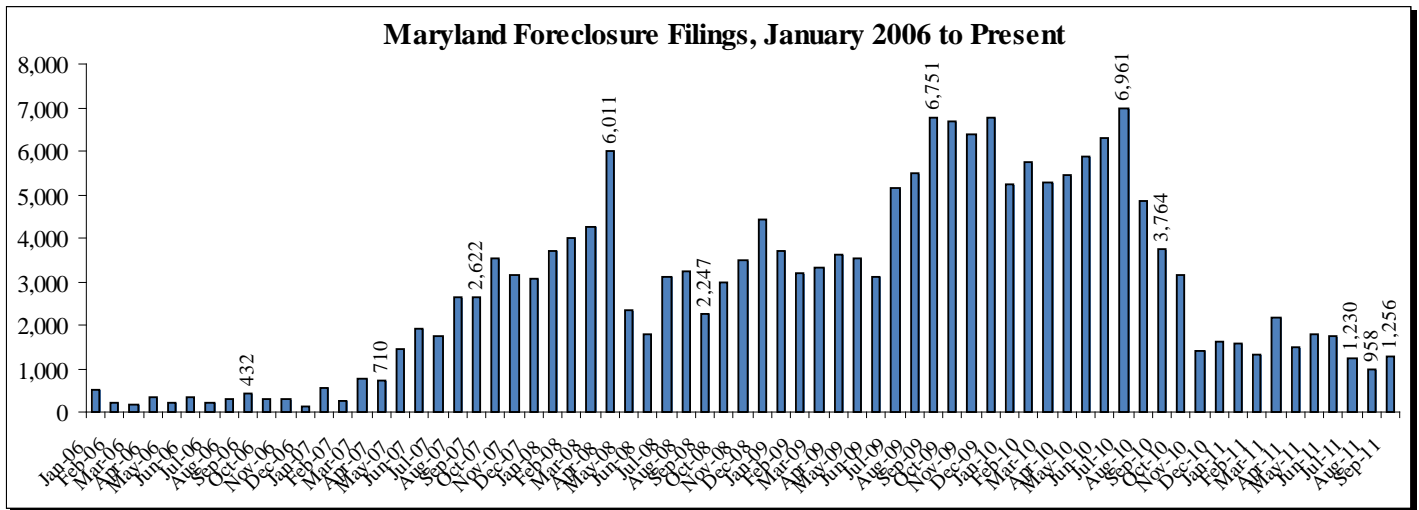
Emergency Mortgage Assistance Program

- **Wrap-up.** DHCD reported obligating \$56.2 million in Emergency Mortgage Assistance funds as of the end of September. HUD had increased the agency's allocation to \$56.7 million from its original allocation of \$36.5 million. A total of 1452 loans were made to Maryland homeowners. The agency is now in the process of closing loans and disbursing the funds. The agency has reported some challenges with closing the program, particularly from citizens who were not approved for loans, or who sought assistance after the deadline. DHCD is referring those who did not qualify for EMA and those who applied after the deadline to the Maryland HOPE network, a counseling network for homeowners facing difficulty staying current with their mortgages.
- **Overtime.** The Division of Finance and Administration reported a 352.5 percent increase from the previous month in overtime worked. DHCD attributes this increase in overtime to overtime worked in order to meet the deadline for allocating Emergency Mortgage Assistance funds.

Foreclosures

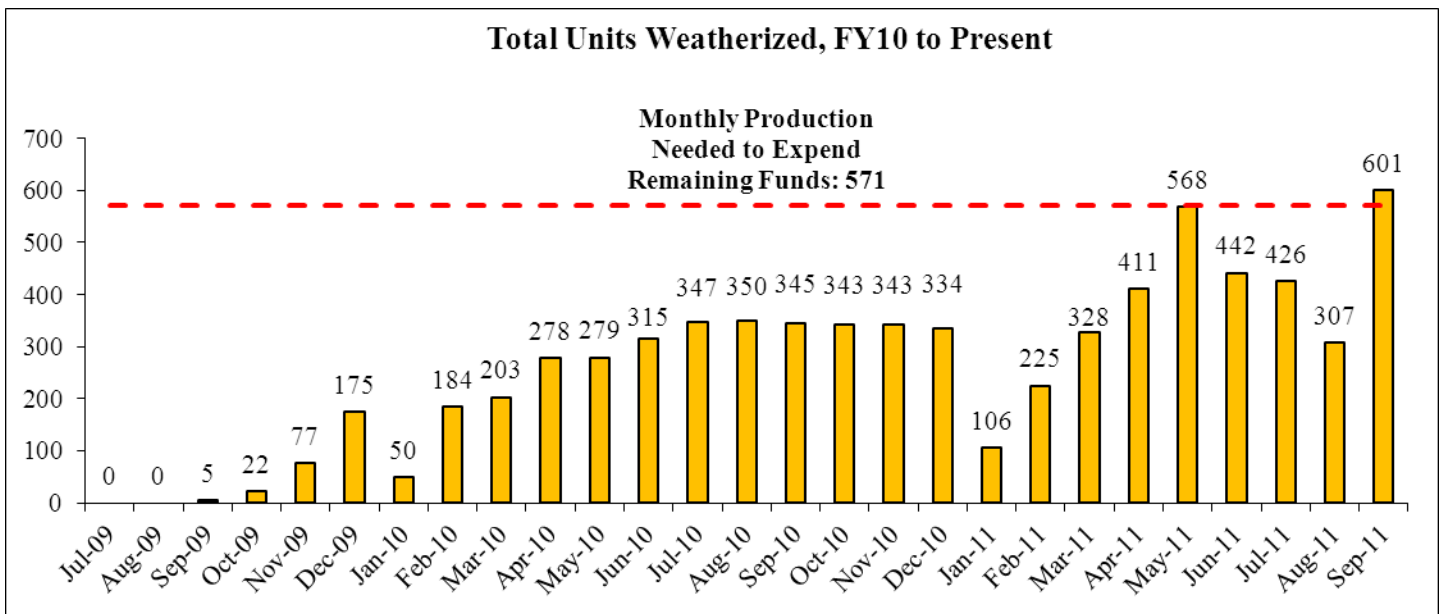
Foreclosure Trends. After the implementation of the Foreclosure Mediation Law in July 2010 and new court rules introduced following the 'robo-signing' controversy, it is widely accepted that many of the major lending institutions withheld initiating foreclosure proceedings until they became fully familiar with the new processes. As a result, total foreclosure filings have plummeted since last June, with total filings in August reaching its lowest level since April 2007. There are indications that filings may spike soon, as Notices of Intent to Foreclose (NOIs), have been at a considerably elevated level throughout 2011. Notices of Default (NODs), or new foreclosure filings, have been low for much of 2011, but sustained modest increases over the past two months. DHCD has shown caution about a potential impending spike in foreclosure filings for months. Case intakes for the agency's HOPE program have remained flat during most of 2011. Calls to the HOPE Hotline

spiked in August and September, but those spikes are possibly related to the Emergency Mortgage Assistance program which expired on September 30.



Weatherization

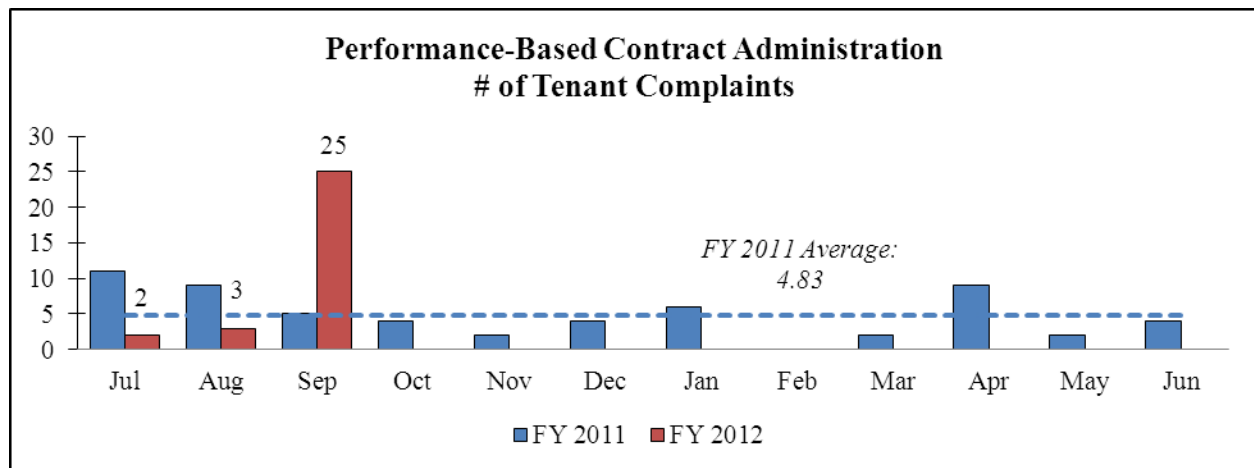
- Production.** DOE has finalized the deadline for the expenditure of weatherization funds, and all invoices must be processed by the end of March. In order to process invoices by the end of March, the agency has asked all of its contractors to finish production and submit invoices by February 29, 2011. The agency has \$17,384,030 in unspent funds. This translates to 571 units per month through the end of February in order to expend all of the funds. Production increased in September to 601 units. The panel will note, however, that this likely reflects the 200 invoices which were not submitted in August by Baltimore City DHCD due to a power outage in the last week of that month. The agency also anticipates that production will be very low during December, January, and February due to weather and contractors taking time off for the holidays. In addition, DOE has asked that contractors attend their biannual conference in New Orleans from December 13 - 15, which will further reduce the time they are able to spend completing units. Units produced in Baltimore County make up more than half of total units produced at 333. Montgomery County and Prince George’s County were also high performers, with 65 units produced in each. There were 7 counties where no units were produced, listed in the chart below. The agency stated that the seven counties listed below had been successful in using their allocation of weatherization dollars and had spent all funds. Therefore, they were no longer producing units.



ARRA Weatherization Production	
Counties with No Units Produced (September 2011)	
Caroline County	
Carroll County	
Dorchester County	
Kent County	
Queen Anne's County	
St. Mary's County	
Talbot County	

Performance Based Contract Administration

- **Tenant Complaints.** The number of complaints filed by tenants spiked this month, up 733 percent from last month and well above last year's average. All complaints were resolved within 30 days.

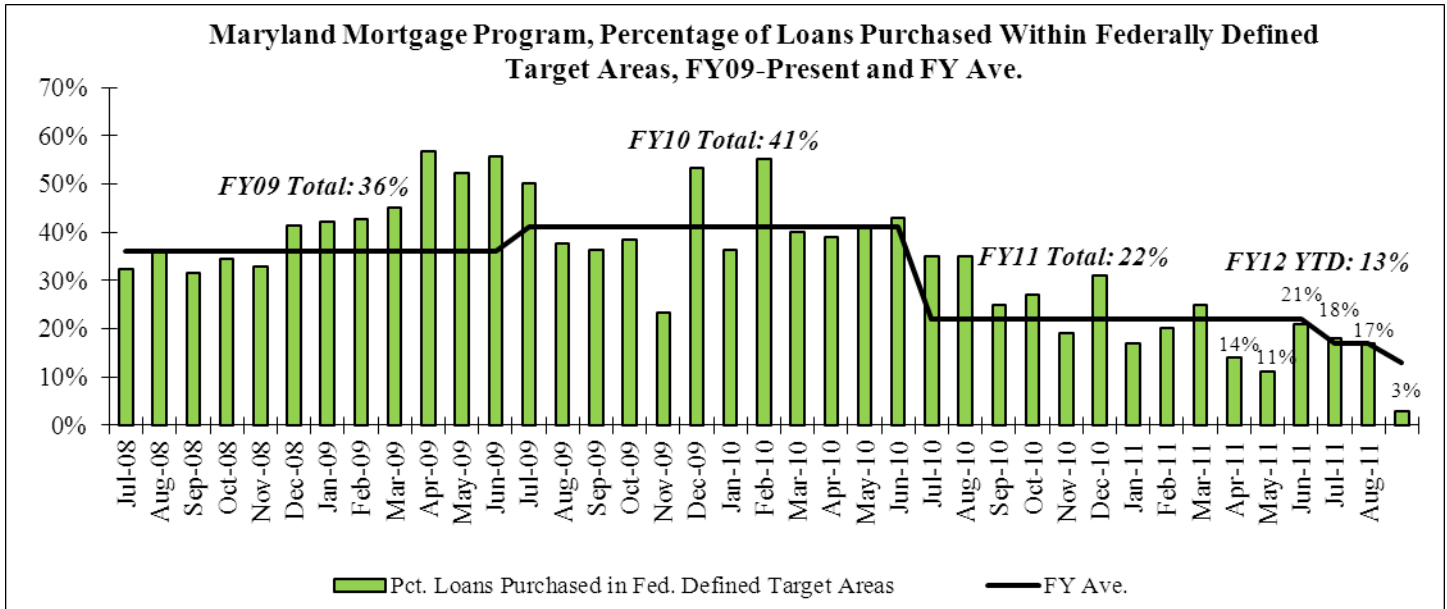


BeSMART/ Energy Efficiency Community Block Grant

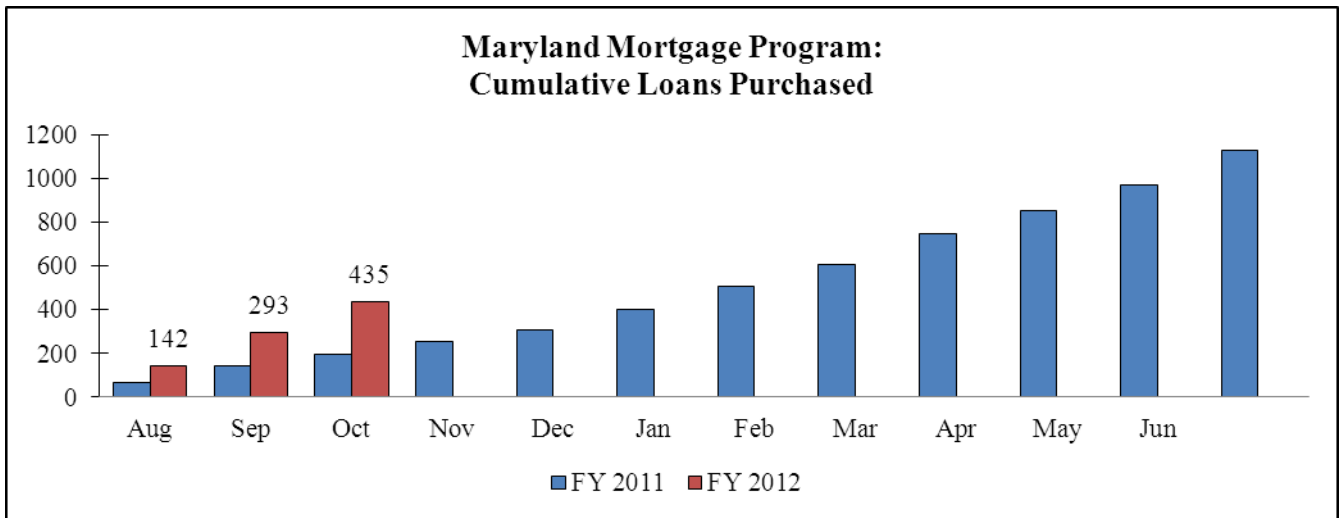
- **Single-Family Contractor Training.** The panel will recall that at the last StateStat meeting, the agency identified issues with getting contractors trained for the single-family portion of the BeSMART (EECBG) program, which provides low-interest loans for home energy retrofits. The selling point for single-family BeSMART loans is that if a consumer approaches the agency for an appliance replacement loan, then they may as well receive energy efficiency savings through the installation process. The agency currently has 28 contractors for single-family work, and four additional contractors with applications pending. Loans are made when the contractor informs the agency that a consumer was seeking appliance replacement work, and may be interested in EECBG assistance and energy efficiency savings. Of the 28 EECBG single-family contractors, only 11 have Home Complete (weatherization) certifications, with the remaining 17 serving as Energy Star (appliance replacement) contractors. The agency reported that it had referred 50 individuals from 22 companies to DLLR's Maryland Energy Sector Partnership (MESP) program, and that none of the individuals had been able to access the training courses as of the September Stat session. Two representatives from the agency, Hazel Heeren and Elise Reuschenberg Lambert, attended DLLR Stat on October 13 to discuss the process for getting contractors trained. They have since been working with Lynn Reed and Bernie Reynolds from DLLR to get these contractors enrolled in classes. As of October 21, three contractors had been enrolled in courses.

Maryland Mortgage Program

- **Federally Defined Target Areas.** The percent of Maryland Mortgage Program loans purchased within federally defined target areas declined steeply in September, down from 17 percent in August to just 3 percent in September. The agency has set a goal of selling 41 percent of loans within federally defined target areas for FY 2012. Thus far in FY 2012, 13 percent of loans have been sold within federally defined target areas. The agency has reported that if fewer than 20 percent of loans are sold within the target area, the agency will be federally required to make tax exempt bonds available within the target area for a one-year period. The panel will recall that in the last session, the agency stated that they could recommend changes to the federally defined target areas based on the latest census. In a follow up memo, the agency stated that the income and economic data from the 2010 census, which would be the basis for redefining target areas, is not yet available.



- Loan Purchases.** The agency announced at in the August StateStat meeting that interest rates within MMP would be lowered to 3.5 percent, lower than standard rates which are currently around 4.25 percent. MediaWorks is organizing an advertising campaign to promote MMP, which will include print advertisements, radio ads on WBAL and search engine ads. The advertising campaign was set to begin during the first week of September. The number of loans purchased each month in FY 2012 continues to exceed loans purchased in the same months of FY 2011. In the first three months of FY 2012, the agency has achieved 27 percent of its goal.



Multifamily Housing

- Rental Housing Unit Production.** A primary goal of the agency is to expand affordable rental housing. The agency accomplishes this goal by either providing financing for the development or preservation of multifamily housing projects, or by providing rental assistance to low-income households. Rental housing units produced is a metric based on projects where the agency and borrower have closed on financing for a project and construction is about to begin. Total unit production has fluctuated over the past few fiscal years, with the spike in FY10 occurring as a result of ARRA funds that are now exhausted. In FY11, the agency produced 2,255 units, short of the FY11 goal of 2,500. The agency indicated that the goal was

missed because two deals in Baltimore City were held up by consent decrees. The agency indicated that both deals, including the House of Freedom project which should provide 150 transitional housing units, were expected to close in July. In FY12 to date, 144 total units have been produced, which is just 7 percent of the FY12 goal of 2,184. No transitional housing units have been produced in FY12 to date.

