



MARTIN O'MALLEY
GOVERNOR

STATE HOUSE
100 STATE CIRCLE
ANNAPOLIS, MARYLAND 21401-1925
(410) 974-3901
(TOLL FREE) 1-800-811-8336

TTY USERS CALL VIA MD RELAY

Media Contacts: Shaun Adamec Christine Hansen
Office: 410-974-2316 Office: 410-974-2316
Cell: 410-919-3206 Cell: 443-336-5270

Jacqueline Lampell, Rosa Cruz, DHCD
DHCD DHCD
Office: 410-514-7704 Office: 410-514-7712
Cell: 410-716-5007 Cell: 410-562-8588

FOR IMMEDIATE RELEASE

MARYLAND TO RECEIVE \$4.5 MILLION IN MACARTHUR FUNDS TO PRESERVE AFFORDABLE RENTAL HOUSING

Governor and Lt. Governor Applaud Support by MacArthur Foundation for Preservation of Affordable Housing for an Estimated 9,000 Families in Maryland

ANNAPOLIS, MD (February 26, 2009) – Preserving rental housing was just made a little easier in Maryland by a \$4.5 million investment from the John D. and Catherine T. MacArthur Foundation. That is particularly good news in light of a promised influx of 25,000 households over the next three years due to federal Base Realignment and Closure (BRAC) activities. Maryland's project, which is expected to preserve 9,000 units of rental housing over the next ten years, is part of the MacArthur Foundation's \$32.5 investment in a national initiative to preserve more than 70,000 affordable rental homes in 12 states and cities.

Maryland is implementing a rental housing preservation strategy, including compiling improved affordable housing market data and conducting outreach, and expediting governmental loan processing targeted to eight counties (Anne Arundel, Baltimore, Cecil, Frederick, Harford, Howard, Prince George's, and St. Mary's) that are addressing a significant influx of BRAC relocations.

"As Maryland prepares for thousands of new jobs and residents from the Base Realignment and Closure process, these funds are especially welcome and will be put to immediate use," said Governor Martin O'Malley. "We are proud to be among those states that have garnered the support of the prestigious MacArthur Foundation. These funds will result in preserving thousands of units of rental housing for working families in Maryland, which helps create a more sustainable future for all of our citizens."

Maryland's rental housing preservation strategy conforms to the state's new, "Smart, Green, and Growing," initiative. Maryland's state agencies, local governments, businesses and citizens already have begun working together toward a vision for a smarter, greener, more sustainable state. The creation of more livable communities, improved housing and transportation options, resource-based industries and green technologies will help sustain a better future for Maryland's families.

Housing affordability is of particular concern in these eight counties because of anticipated substantial population and job growth associated with the military base expansions. Maryland expects a total influx of more than 25,000 households by 2011, which includes approximately 4,000 BRAC-induced households with incomes less than 60,000 per year. Assuming no loss of existing affordable housing units, Maryland anticipates an affordable housing shortfall of 78,000 units within the next eight years.

“We are grateful to the MacArthur Foundation for this Award,” said Lt. Governor Anthony Brown. “Not only is housing affordability a key concern for those involved in helping relocate BRAC families to Maryland, it also is of vital concern to all working families who need affordable housing options.”

Though Maryland has a strong rental market, affordable housing remains elusive for many residents. From 2000 to 2005, median rents in Maryland increased by nearly 20 percent, while the median incomes of renter households only increased by about 11 percent.

“By acting to address the demand for affordable rental housing that will result from the state’s efforts to welcome a significant number of military families, Maryland is setting a national example for how to conduct an inclusive affordable housing preservation strategy,” said MacArthur President Jonathan Fanton.

Funding to Maryland from the MacArthur Foundation will be divided into two parts: 1) a grant in the amount of \$500,000, and 2) a low cost loan in the amount of \$4 million.

The grant will give the Maryland Department of Housing and Community Development (DHCD) the financial support to hire professional consultants and staff to improve the quality and amount of information available about affordable rental housing in the eight-county region and to execute a well-designed communications strategy to educate property owners about the state’s preservation activities.

“This grant will enable us to make good decisions about our affordable rental housing strategy and give us the tools we need to educate people about the state’s preservation activities,” said DHCD Secretary Raymond A. Skinner. “And, the low cost loans will allow us to work with our local partners to ensure that thousands of these units are preserved for hard working Maryland families.”

Market analysts will create a comprehensive database of affordable subsidized and unassisted rental properties in the eight-county region that will enable DHCD to prioritize preservation targets. The new database will help DHCD identify communities and properties for outreach. The outreach will include information about the technical assistance and capital resources DHCD has available to preserve affordable rental housing. Private owners will be encouraged to use the state’s resources to upgrade, refinance, or transfer affordable projects to preserve them as affordable rental housing.

The grant funds also will be used in partnership with the Maryland Energy Administration to provide technical and financial assistance for energy improvements to reduce operating cost and tenant utility bill burdens for existing affordable rental housing developments.

The \$3.5 million low cost loan will help provide funds for the MD-BRAC Preservation Loan Fund, which is expected to generate short-term financing for preservation projects in the amount of approximately \$432 million over a 10-year period. This money will be lent exclusively in the counties participating in the Fund and not supplant any state or federal funding. The loan fund will provide an expedited loan product for developers to purchase preservation properties. The fund also will provide short-term financing for property owners who want to continue their subsidy contracts.

Nationally, the new projects will assist military-related families in Maryland, seniors in rural Iowa and Vermont, low-wage workers in Florida and Oregon, and people who have been homeless in Los Angeles. They will promote energy efficiency in Pennsylvania, save distressed buildings in Minnesota, improve management of rental housing in Washington State, and ensure that rental homes are available in gentrifying areas near public transit in Denver.

MacArthur's investment – \$9.5 million in grants and an additional \$23 million in low-interest loans – will help all levels of government coordinate their efforts and target places most in need of intervention, track the state of rental housing, preserve affordable homes in communities with good access to schools, transit and other amenities, and leverage more than \$147 million in other funding. State and local governments in 40 states competed for MacArthur's support, indicating broad, national interest in preserving affordable rental housing.

MacArthur's support for these projects is a part of the Foundation's Window of Opportunity initiative, a \$150 million, and 10-year effort to preserve affordable rental homes across the nation. By investing in public sector efforts such as these, the Foundation hopes to help create a wave of policy reform in cities and states that will make it possible to double the rate of preservation in a decade—to one million units.

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A summary of all 12 projects follows this release. Additional information about each project, including photos and videos, is available at www.macfound.org/housing.

The MacArthur Foundation has a long history of commitment to affordable housing. Last year, the Foundation announced a \$68 million investment in foreclosure prevention and mitigation in Chicago. The Foundation also supports a \$25 million research program on how housing matters to families and communities. More information is available at www.macfound.org/housing.