



April 22, 2026

MEMORANDUM

TO: Wala Blegay, Esq., Chair
 Planning, Housing and Economic Development (PHED) Committee

THRU: Sylvia King *SK*
 Senior Legislative Budget Officer

FROM: Shalene Miller-Whye *SMW*
 Budget and Policy Analyst

RE: Department of Housing and Community Development
 Fiscal Year 2027 Budget Review

Budget Overview – DHCD (Including Housing Authority)

The FY 2027 Proposed Budget for the Department of Housing and Community Development (“DHCD” or the “Department”) is \$35,276,200, an increase of \$694,700, or 2.0%, over the FY 2026 Approved Budget. This is mainly due to the annualization of FY 2026 and planned FY 2027 COLA and merit salary adjustments, and the increase in training, contracts, membership fees, and other expenditures for agency operations.

Budget Comparison – All Funds

Actual Fiscal Year 2025 to Proposed Fiscal Year 2027

Fund	FY 2025 Actual	FY 2026 Approved	FY 2026 Estimated	% Change - Est vs App	FY 2027 Proposed	\$ Change	% Change
General Fund	\$ 5,464,480	\$ 3,661,300	\$ 3,624,700	-1.0%	\$ 3,787,600	\$ 126,300	3.4%
Grants	19,417,536	10,752,200	10,233,800	-4.8%	10,270,500	(481,700)	-4.5%
Special Revenue Funds	11,294,580	20,168,000	11,750,600	-41.7%	21,218,100	1,050,100	5.2%
Total	\$ 36,176,596	\$ 34,581,500	\$ 25,609,100	-25.9%	\$ 35,276,200	\$ 694,700	2.0%

- The Department reports that the proposed FY 2027 General Fund is \$3,787,600, a \$126,300 or 3.4% increase. The proposed Grant Fund is \$10,270,500, a \$481,700 decrease, or -4.5% under the FY 2026 Approved Budget. The proposed Special Revenue Fund is \$21,218,100, a \$1,050,100 or 5.2% increase over the FY 2026 Approved Budget.

Authorized Staffing Count – All Funds

	FY 2026 Approved	FY 2027 Proposed	Change Amount	% Change
General Fund	19	18	-1	-5.3%
Grant Funds	84	8	-76	-90.5%
Special Revenue Fund	5	6	1	20.0%
Total	108	32	-76	-70.4%

- There are currently three (3) vacancies, all of which are Limited Term Grant Funded (LTGF) positions that are unfunded for FY 2027. This includes Community Developer two (2) 1G positions and one (1) Community Developer 3G position.
- The reduction of 76 positions is due to them being transferred to the Housing Authority of Prince George’s County. This has not been established by legislation.
- One (1) Community Developer position was transferred from the General Fund to the Housing Investment Trust Fund.

Budget Comparison – General Fund

Expenditures by Category - General Fund

Category	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimate	FY 2027 Proposed	Change FY26-FY27	
					Amount (\$)	Percent (%)
Compensation	\$3,465,274	\$2,636,200	\$2,607,000	\$2,672,000	\$35,800	1.4%
Fringe Benefits	1,051,625	817,200	799,600	853,200	36,000	4.4%
Operating	947,581	207,900	218,100	262,400	54,500	26.2%
Capital Outlay	—	—	—	—	—	—
SubTotal	\$5,464,480	\$3,661,300	\$3,624,700	\$3,787,600	\$126,300	3.4%
Recoveries	—	—	—	—	—	—
Total	\$5,464,480	\$3,661,300	\$3,624,700	\$3,787,600	\$126,300	3.4%

- For FY 2027, \$1,442,100 is proposed for the Administration Division, an increase of \$79,000 or 5.8% above the FY 2026 Approved Budget.

- For FY 2027, \$2,345,500 is proposed for the Housing and Community Development Division, an increase of \$47,300, or 2.1%, above the FY 2026 Approved Budget.

Authorized Staffing Count – General Fund

	FY 2026 Approved	FY 2027 Proposed	Change Amount	% Change
Full-Time	19	18	-1	-5.3%
Part-Time	0	0	0	0.0%
Total	19	18	-1	-5.3%

- In FY 2025, the Department accumulated \$90,324 in General Fund salary lapse. The Department used salary lapses to engage consultants for the Preservation of Naturally Occurring Affordable Housing study, training, and staff development.
- In FY 2026, the Department anticipates a salary lapse of approximately \$50,100.

Staffing Changes and Compensation

- FY 2027 General Fund compensation is proposed at \$2,672,000, an increase of \$35,800, or 1.4%, above the FY 2026 Approved Budget. This is due to mandated salary adjustments from prior years and those anticipated in FY 2027, partially offset by the transfer of a Community Developer position to the Housing Investment Trust Fund (HITF).

Fringe Benefits

- FY 2027 fringe benefits are proposed at \$853,200, an increase of \$36,000, or 4.4%, above the FY 2026 Approved Budget, due to a change in fringe benefit rates from 31.0% to 31.9% to align with projected healthcare and pension costs.

Operating Expenses

- FY 2027, the proposed operating expenses are \$262,400, a \$54,500, or 26.2%, an increase from the FY 2026 Approved Budget. This is primarily due to an increase in contracts for affordable housing programs, vehicle maintenance, training, and membership fees.

Budget Comparison – Grant Fund

- FY 2027 Proposed Grant Funds are \$10,270,500. This is a decrease of \$481,700, or -4.5%, below the FY 2026 Approved Budget. This decrease is largely driven by the elimination of two (2) programs, the Pathways to Removing Obstacles to Housing (PROHousing) and the Housing Affordability Planning Program (HAPP).

- Grant programs for FY 2027 include Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Hearth Emergency Solutions Grant (HESG), Maryland National Mortgage Settlement Program (MDNMS), Neighborhood Conservation Initiative (NCI), Neighborhood Stabilization Program (NCI), and the Neighborhood Stabilization Program (NSP).

Actual Fiscal Year 2024 to Proposed Fiscal Year 2027 – Grants

Expenditures by Category - Grant Funds

Category	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimate	FY 2027 Proposed	Change FY26-FY27	
					Amount (\$)	Percent (%)
Compensation	\$1,423,430	\$1,087,100	\$895,500	\$947,700	\$(139,400)	-12.8%
Fringe Benefits	360,661	360,800	313,400	331,700	(29,100)	-8.1%
Operating	17,633,445	9,304,300	9,024,900	8,991,100	(313,200)	-3.4%
Capital Outlay	—	—	—	—	—	—
SubTotal	\$19,417,536	\$10,752,200	\$10,233,800	\$10,270,500	\$(481,700)	-4.5%
Recoveries	—	—	—	—	—	—
Total	\$19,417,536	\$10,752,200	\$10,233,800	\$10,270,500	\$(481,700)	-4.5%

Authorized Staffing Count – Grant Fund

	FY 2026 Approved	FY 2027 Proposed	Change Amount	% Change
Full-Time	8	8	0	0.0%
Limited Term	3	3	0	0.0%
Total	11	11	0	0.0%

Staffing Changes and Compensation

- FY 2027 Grant Fund compensation is proposed at \$947,700, a decrease of \$139,500 or -12.8% under the FY 2026 Approved Budget. This increase is due to the elimination of two programs, PRO Housing and HAPP.
- FY 2027 Grant Fund includes a staffing count of eight (8) full-time and three (3) limited-term positions.

Fringe Benefits

- FY 2027 proposed fringe benefit expenditures are \$331,700, a decrease of \$29,100 or -8.1% under the FY 2026 Approved Budget.

Operating Expenses

- FY 2027 proposed operating expenses are \$8,991,100, a decrease of \$313,200, or -3.4% under the FY 2026 Approved Budget.

- The Department will return \$309,627 in Emergency Rental Assistance Program (ERAP) funds in FY 2026. DHCD deployed \$122.7 million in ERAP funding, assisting 12,475 households. At program closeout, approximately 58 applications remained under review, totaling \$457K in requested assistance. These remaining funds could not be disbursed because applicants were unresponsive and/or did not provide the required documentation to complete payment processing.
- In addition, the Department was awarded Community Development Block Grant (CDBG)-Coronavirus (CV) funding through the CARES Act in FY 2020 to respond to the coronavirus crisis and subsequently sub-awarded those funds to various nonprofit agencies for eligible activities. Several subrecipients did not have the capacity to fully expend their awards. As a result, the Department anticipates returning approximately \$392,863 in CDBG-CV funds to HUD in FY 2027.

Highlights

- The Department estimates \$808,060 in program income from CDBG and HRAP, with HRAP funds recycled into the revolving loan program for home repairs and CDBG funds supporting future eligible activities.
- The Department estimates \$996,197 in HOME program income to be reinvested in future HOME-eligible housing projects.
- The COG TOD Inclusionary Zoning Feasibility Study finds that popular multifamily affordable housing near Metro stations is not feasible due to high construction and financing costs that limit developer returns. The study indicates that for-sale townhomes near transit may be financially viable and more attractive to developers. The Department will review the study's findings with stakeholders to determine next steps.
- The Housing Opportunity for All (HOFA) strategy focuses on expanding housing options, preserving affordability, and linking housing with economic development. DHCD intends to implement two (2) additional programs. These new housing programs are intended to reduce barriers to homeownership and increase affordability across a range of income levels:
 - i. The Homeownership Equity Program aims to increase access to affordable homeownership for moderate-income buyers in targeted areas inside the Beltway.
 - ii. The Critical Workforce Housing Assistance Program aims to expand homeownership opportunities for education and public safety workers.
- Provided \$123,000,000 in assistance to over 12,475 households that applied for emergency rental assistance.

- The Department continued its strategic investment in foreclosure prevention by awarding CDBG funds to three (3) nonprofit housing counseling partners and funding housing counseling services for approximately 1,050 residents. The initiative aims to stabilize the local housing market. With program funding, it is anticipated to result in 71 avoided foreclosures and 315 positive household outcomes, such as mortgage modifications and refinances.

Grant Funds by Division

Grant Name	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimate	FY 2027 Proposed	Change FY26-FY27	
					Amount (\$)	Percent (%)
Housing and Community Development						
Community Development Block Grant (CDBG)	\$5,915,393	\$5,806,800	\$5,806,600	\$5,806,800	\$—	0.0%
CDBG Single Family Rehab Revolving Loan Program Income	—	533,200	365,100	461,300	(71,900)	-13.5%
Hearth Emergency Solutions Grant (HESG)	437,555	493,400	493,400	493,400	—	0.0%
MD Emergency Rental Assistance 2	5,785,633	—	—	—	—	—
HOME American Rescue Plan Act	866,727	—	—	—	—	—
CRF Emergency Rental Assistance 2	3,787,712	—	—	—	—	—
CDBG CARES CV-2	956,471	—	—	—	—	—
Section 108 Community Development Block Grant Loan	177	—	—	—	—	—
Pathways to Removing Obstacles to Housing (PRO Housing)	—	300,000	—	—	(300,000)	-100.0%
Housing Affordability Planning Program (HAPP)	—	50,000	—	—	(50,000)	-100.0%
Maryland National Mortgage Settlement Program (MDNMS): Program Income	—	262,900	262,900	103,100	(159,800)	-60.8%
Neighborhood Conservation Initiative Program Income (NCI): Program Income	—	4,200	4,200	1,500	(2,700)	-64.3%
Neighborhood Stabilization Program (NSP): Program Income	—	81,000	81,000	30,300	(50,700)	-62.6%
Total Housing and Community Development	\$17,749,668	\$7,531,500	\$7,013,200	\$6,896,400	\$(635,100)	-8.4%
Housing Development						
Home Investment Partnerships Program (HOME)	\$1,654,029	\$2,223,500	\$2,001,100	\$2,223,500	\$—	0.0%
HOME Loan Program Income	13,839	997,200	1,219,500	1,150,600	153,400	15.4%
Total Housing Development	\$1,667,868	\$3,220,700	\$3,220,600	\$3,374,100	\$153,400	4.8%
Subtotal	\$19,417,536	\$10,752,200	\$10,233,800	\$10,270,500	\$(481,700)	-4.5%
Total Transfer from General Fund - (County Contribution/Cash Match)	—	—	—	—	—	—
Total	\$19,417,536	\$10,752,200	\$10,233,800	\$10,270,500	\$(481,700)	-4.5%

Budget Comparison – Special Revenue Funds - Housing Investment Trust Fund

The Housing Investment Trust Fund (HITF) was created by legislation through Council Bill 21-2012 and amended by Council Bill 57-2017 to assist with specific activities to address the County’s affordable housing challenge. As amended, the Fund supports the Workforce Housing Gap Financing and the Down Payment and Closing Cost Assistance Programs.

Actual Fiscal Year 2025 to Fiscal Year 2027 Proposed – Housing Investment Trust Fund

Category	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimate	FY 2027 Proposed	Change FY26-FY27	
					Amount (\$)	Percent (%)
Compensation	\$379,044	\$560,500	\$575,900	\$710,700	\$150,200	26.8%
Fringe Benefits	159,833	238,700	245,400	310,800	72,100	30.2%
Operating	10,755,703	19,368,800	10,929,300	20,196,600	827,800	4.3%
Total	\$11,294,580	\$20,168,000	\$11,750,600	\$21,218,100	\$1,050,100	5.2%
Total	\$11,294,580	\$20,168,000	\$11,750,600	\$21,218,100	\$1,050,100	5.2%

Authorized Staffing Count

	FY 2026 Approved	FY 2027 Proposed	Change Amount	% Change
Full-Time	5	6	1	0.0%
Total	5	6	1	20.0%

- The proposed FY 2027 budget for the Housing Investment Trust Fund (HITF) is \$21,218,100, an increase of \$1,050,100, or 5.2%, above the FY 2026 Approved Budget. Recordation tax revenue remains unchanged from the FY 2026 Approved Budget.
- Program income decreases -\$103,300, or -60.0%, under the FY 2026 Approved Budget.
- The appropriated fund balance increases \$1,153,400, or 11.5%, over the FY 2026 Approved Budget.
- FY 2027 HITF Fund compensation is proposed at \$710,700, which is \$150,200, or 26.8%, above the FY 2026 Approved Budget. This includes six (6) full-time positions. This increase is due to the transfer of one (1) position from the General Fund to the HITF Fund and to salary adjustments.
- FY 2027 HITF Fund fringe benefits are proposed at \$310,800, which is \$72,100, or 30.2%, above the FY 2026 Approved Budget. This increase is due to anticipated costs and the fringe benefit rate changing from 42.6% to 43.7%.
- FY 2027 HITF Fund operating is proposed at \$20,196,600, which is a \$827,800, or 4.3%, increase over the FY 2026 Approved Budget.
- Programmatic operating expenses consist of \$18,600,000 for the Workforce Housing Gap Financing Program.

The Housing Investment Trust Fund (HITF) Concerns

- HITF is functioning effectively but is undercapitalized relative to demand, limiting its ability to produce additional housing units despite strong developer interest.
 - HITF is projected to remain stable through FY 2027 but **will begin rapid depletion in FY 2028** as projects are drawn down and program costs increase.
 - Even with a \$10 million annual allocation, rising staffing, operational, and program expenses, including new homebuyer initiatives, will outpace available revenues.
 - **By FY 2029, HITF expenditures are projected to exceed available resources, resulting in a fund deficit.**
- DHCD plans to implement new housing programs using existing HITF funds, the County's primary flexible funding source for affordable housing.
 - HITF currently supports multifamily gap financing, homeowner rehabilitation and preservation, and broader housing stabilization efforts.
 - DHCD will integrate new programs under CB-099-2025 and CB-101-2025 into HITF by establishing guidelines, eligibility criteria, underwriting standards, and compliance processes.
 - The addition of new programs will place significant strain on already undercapitalized HITF. The current \$10 million annual allocation must now cover multifamily development, homeowner programs, existing commitments, and new legislative initiatives.
 - Demand for HITF resources continues to exceed supply due to a strong development pipeline and rising construction costs. Without additional funding, HITF will be forced to stretch limited resources across competing priorities, constraining housing production and risking depletion over time.
- **The County has been notified that MD DHCD's budget is going to impact its ability to provide funding to developers. Due to budget constraints, MD DHCD will not provide as many funds for affordable housing projects.**

Housing Investment Trust Fund Development Projects

- **Maryland DHCD has worked through its backlog. As a result, in FY 2025 to present, five (5) new development projects have closed on their financing and are currently under construction, including:**
 1. The Cassidy
 2. Park Place at Addison Road Metro
 3. Hamlet Woods
 4. The Highlands

5. New Carrollton Phase I – Affordable Senior

- **From FY 2026 to FY 2027, it is expected that there will be five (5) additional closings which include:**
 1. Addison Park
 2. New Carrollton Phase II
 3. New Carrollton Phase III
 4. New Carrollton Phase IV
 5. Flats at Glenridge

DHCD – FY 2027 Strategic Focus and Initiatives:

- Support the County’s affordable housing production goals through the issuance of a Notice of Funding Availability (NOFA) for HOME Investment Partnerships Program, HOME American Rescue Program (ARP), Housing Investment Trust Fund (HITF), and Payment in lieu of Taxes (PILOT).
- Preserve naturally occurring affordable housing through increased funding of the Right of First Refusal (ROFR) program, to include the ROFR Preservation Fund, PILOTs, and through the ROFR developer roster.
- Strengthen support and enhance affordable homeownership through down payment closing cost assistance rehabilitation programs, and the creation of affordable homes for sale.
- Strengthen the impact of the CDBG program by partnering with HUD to provide technical assistance to nonprofit organizations and developing a CDBG Dashboard that will provide a visual representation of the program’s performance and trends, as well as insights to help guide future recommendations on how to use funds.
- Increase and strengthen programs and policies that support the creation and preservation of affordable housing opportunities.