

## O'Malley proposes extra \$15 million to help build rental housing, create jobs

GOP leader criticizes government role in private enterprise

Gov. **Martin O'Malley** is proposing a \$15 million increase in the state's program to help build affordable rental housing, saying the bump would leverage \$285 million in private investment and create 1,100 jobs in Maryland.

Surrounded by housing advocates, construction workers and local residents, O'Malley went to the site of a former public housing development in **Annapolis** to announce plans to double the state's investment in loans to developers to help spur rental housing construction.

The governor said the increased spending would help address a shortage of affordable housing by providing gap financing for about 20 privately owned rental developments in the next fiscal year. But his emphasis was on the employment the **money** would bring.

"This announcement here today is about creating jobs," O'Malley said at the site where the privately owned Obery Court complex is under construction with the help of existing state spending. "This is a time to go out in the market and try and put our people back to work."

**Senate** Minority Leader **E.J. Pipkin** disagreed, saying the initiative "doesn't make any sense."

"We're seeing more and more dollars going into things the private sector should be doing," the Upper Shore Republican said.

The administration said it has maintained state spending on affordable **housing programs** at \$15.5 million a year despite budget pressures. O'Malley is proposing to nearly double that to \$30.5 million through what the administration is calling its "Rental Housing Works" initiative. The new state money would help offset the loss of federal stimulus funds, housing officials said.

The announcement comes at a time when the state is facing a \$1.1 billion shortfall in its general fund budget — a gap that must by law be closed.

O'Malley said the additional housing money would be part of the capital budget. The extra spending would be financed through additional borrowing but would not push borrowing beyond Maryland's debt guidelines, he said.

Like all of the governor's budget proposals, the housing plan is subject to General Assembly approval. "I think the legislature will keep it intact," O'Malley said.

State officials say there is a severe lack of affordable housing in Maryland, with the shortage expected to reach 127,000 units in 2015. Andy DeVilbiss, spokesman for the

state Department of Housing and Community Development, said the Rental Housing Works program would use the \$15 million for "shovel-ready" projects.

Housing Secretary Raymond A. Skinner said the money is typically used to provide gap financing to make up the difference between what a developer can raise through the private sector and the cost of the project. He said the state [loan](#) for an individual project is typically about \$1 million to \$1.5 million.

While Skinner said each \$1 in state lending leverages \$19 in private funding, the developer of Obery Court gave more a conservative estimate for that project.

Mark Dambly, president of Pennrose Properties, said the three phases of the project will cost about \$39 million, about \$8 million of which will come from the loan program. He said the project, the second phase of which is now under construction, will build 175 to 180 units and create 900 jobs.

The governor's announcement drew praise from housing activists.

"This is a big deal for us," said Trudy McFall, president of the Maryland Affordable Housing Coalition. "Federal resources are down. We were facing a very grim year ahead of being able to do just a handful of projects. Now this will allow us to do 20 new rental communities."

McFall emphasized that the projects the new spending will spur are not public housing. "It's housing that's developed by the private sector. It's owned and managed by the private sector," she said. Typical monthly rents are about \$500 to \$700 for a two- or three-bedroom unit, McFall said.

**[michael.dresser@baltsun.com](mailto:michael.dresser@baltsun.com)**