

Agency Climate Implementation Plan

Maryland Department of Housing
and Community Development

November 1, 2024



Maryland

DEPARTMENT OF HOUSING
AND COMMUNITY DEVELOPMENT



Agency Climate Implementation Plan

Maryland Department of Housing and Community Development, Climate Implementation Plan required by Executive Order, “Leadership by State Government: Implementing Maryland’s Climate Pollution Reduction Plan”

In accordance with Governor Moore’s Executive Order, the Maryland Department of Housing and Community Development (DHCD) affirms its commitment to the following: work to address climate change and ensure a just transition to a clean economy; advance environmental justice by working to address the disproportionate impacts of climate change for underserved and overburdened communities, including the application of Justice40 goals, initiatives, and funding; equitably implement all existing laws, regulations, and policies related to climate change, incorporating robust community and stakeholder engagement; and continue to maximize federal funding opportunities on climate.

DHCD hereby submits its own Climate Implementation Plan (CIP) to demonstrate its commitment to a whole-of-government approach to addressing climate change and fully implementing Maryland’s Climate Pollution Reduction Plan.

Part 1: Agency Actions Under the Climate Pollution Reduction Plan

Maryland's Climate Pollution Reduction Plan calls on the Department of Housing and Community Development to apply for all applicable federal funding. Under the leadership and coordination of the Governor's Federal Office, DHCD will apply for federal funding to implement actions that support the achievement of this plan. DHCD will work closely with other state agencies, local governments, nonprofits, and community-based organizations to ensure Maryland is competitive for federal climate action implementation funds and to build capacity for local-level implementation. DHCD will offer support to Maryland's businesses and private sector to ensure they are competitive for historic federal investments.

Part 2: Recommending Actions to Address Climate Change

State law (MD Code, Environment, § 2-1305) requires that each State agency shall review its planning, regulatory, and fiscal programs to identify and recommend actions to more fully integrate the consideration of Maryland's greenhouse gas reduction goal and the impacts of climate change. The review shall include the consideration of (i) sea level rise; (ii) storm surges and flooding; (iii) increased precipitation and temperature; and (iv) extreme weather events. Furthermore, each State agency shall identify and recommend specific policy, planning, regulatory, and fiscal changes to existing programs that do not currently support the State's greenhouse gas reduction efforts or address climate change.

DHCD has been implementing energy efficiency programs that support the State's greenhouse gas reduction efforts and address climate change for decades:

- **BeSmart Home Energy Loan Program:** Offers low-interest unsecured financing to improve home energy efficiency through replacement and upgrading of windows, appliances, heating, cooling and ventilation systems and whole house envelope improvements across the state.
- **Department of Energy, Weatherization Assistance Program:** Reduces energy costs for low-income households by increasing the energy efficiency of their homes, while ensuring their health and safety. These services are provided to Marylanders who meet the eligibility guidelines.
- **Energy-Efficient Homes Construction Loan Program ("Net Zero"):** The Energy-Efficient Homes Construction Loan Program provides construction loans or loan enhancements for low-energy or net-zero homes.

- **EmPOWER Limited Income Energy Efficiency Programs:** Assists low-to-moderate income-qualified households to reduce energy consumption, lower utility bills, improve health and safety, and home comfort with installation of energy efficiency and lower gas emission measures in their homes at no cost.
- **Maryland Energy Assistance Program:** Provides assistance to households that have non-functioning heating, cooling, or water heating systems.
- **EmPOWER Multifamily Energy Efficiency and Housing Affordability Programs:** Promotes greenhouse gas reductions, energy efficiency, and affordability in the State's affordable multifamily rental housing developments.
- **Multifamily Energy Efficiency and Housing Affordability Greenhouse Gas Reduction Program (GHGRP):** Provides grants for building electrification and direct greenhouse gas reduction in the State's affordable multifamily rental housing developments.

The status and results of these programs can be found in the [most recent Greenhouse Gas Reduction Report](#) that DHCD submits on an annual basis. The actions of these programs both today and throughout the next few years exemplify DHCD's commitment to climate work and sustainability.

In total, DHCD operates more than 40 programs related to housing and community development. Many of these programs fund or support construction projects. Construction projects have the opportunity to directly influence the methods and materials used in the building sector that can reduce greenhouse gas emissions. Each program is subject to specific funding source requirements that provide flexibility of program implementation and integration of GHG efforts at varying levels. Due to the extensive portfolio of programs and their connected policies and regulations, DHCD will need to examine each program separately to implement program specific climate actions. This requires a level of effort and detail that exceeds the scope and timeline of this plan. For the purpose of this plan, DHCD determined general approaches that programs have taken or may be able to take in the future.

DHCD has established a network of climate liaisons for each division and is committed to continue working with the liaisons to progressively implement specific actions at the program level over the next two decades.

In compliance with MD Code, Environment, § 2-1305, the Department of Housing and Community Development is taking or recommending the following additional actions to more fully integrate the consideration of Maryland's greenhouse gas reduction goal and the impacts of climate change:

Promote the application of efficient building codes in construction projects

Various DHCD programs currently require or incentivize adherence to energy efficient building codes that exceed basic building codes. Through the increased efficiency of construction following those codes, these programs produce incremental greenhouse gas savings:

- The CDA-Multifamily division requires Energy Star standards for any rehabilitation or new construction work that it subsidizes at affordable housing properties.
- All CDA-Energy Programs require at least Energy Star standards for retrofit work. The MEEHA program provides additional higher incentives for new construction work above Energy Star. Incentives are doubled for achieving Zero Energy Ready Home or Passive House Institute standards.
- The UPLIFT program requires Energy Star standards for any construction undertaken in the program.
- Community Development Block Grant Program. This grant program currently provides rating bonus points for projects that use energy saving materials, green or energy efficient building materials, acquire and re-use foreclosed properties, and/or innovative materials or methods. The amounts of these points could be increased to provide more incentive than the program is currently seeing.

DHCD leadership and the program climate liaisons will work to identify additional programs that could either require or incentivize the application of more efficient building codes:

- Multiple divisions may be able to implement incentives that promote higher efficiency standards for residential buildings, community buildings, and small businesses.
- Encourage energy-efficient practices through more affordable financing options
- Implement an application scoring method that supports a reduction in greenhouse gas emissions by introducing criteria that prioritize projects committed to sustainable practices.
- Programs may apply for technical assistance grants to help with implementing construction standards, program design, and procurement processes and provide consulting expertise and technical assistance or training.

Promote the switch to clean fuels in construction projects

DHCD is engaged with MDE in the development of the ZEHES and CHS implementation and taking active steps to promote the use of clean fuels across its programs, one of many ongoing collaborations with other agencies in support of climate action. Currently, some programs in DHCD reduce reliance on fossil fuels and lower emissions during the build phase, by requiring or incentivizing low- or no-emission construction standards. A number of programs are in the process of creating incentives for cleaner and greener construction practices that introduce

low-emission construction materials, minimize land disturbance, and incorporate energy-efficient practices. Examples include:

- CDA-Multifamily division: The LIHTC program requires new construction projects to be fully electric.
- In the CDA-Energy division:
 - The EmPOWER programs have taken steps to reduce the funding of new gas equipment. The MEEHA program reduced its incentive amounts for gas replacement equipment. The Whole Home Efficiency and Base Efficiency programs no longer fund new gas equipment at all and only offer tune-ups for existing gas equipment.
 - DHCD filed a request with the Public Service Commission to allow electrification of existing fossil fuel equipment. A decision on this request is still pending.
 - The DOE WAP and MEAP programs are able to perform fuel switching towards electrification on a case by case basis.

DHCD leadership and the program climate liaisons will work to identify additional programs that could either require or incentivize the switch to clean fuel use in buildings.

- Some programs are currently evaluating the cost of electrification and the potential impact on program budgeting. They are also reviewing program statutes, regulations, and policies to identify if electrification is allowable and aligned with the program's goals.
- DHCD will continue to apply for funding that can be used for electrification of buildings.

Promote the inclusion of renewable energy systems in construction projects

DHCD is anticipating receiving funding to add renewable energy systems to its energy program suite, such as for on-site solar panels at affordable housing properties.

DHCD leadership and the program climate liaisons will work to identify additional programs that could either include or incentivize the implementation of renewable energy systems. The following ideas are currently being explored for various programs:

- Promote the integration of renewable energy systems, such as solar panels or wind turbines, in new infrastructure projects by providing financial incentives or higher scoring for projects that incorporate on-site renewable energy generation or use renewable energy credits to offset their operational footprint.
- Offer interest rate reductions or other financial incentives for renewable construction projects.
- Promote the implementation of renewable energy solutions, including solar panels and

EV chargers, particularly for businesses that own their property, and implement program initiatives to support a reduction in greenhouse gas emissions, like supporting transit oriented development.

- Consider replacing fossil fuel generators with renewable energy systems and battery back-ups.
- Ensure funding availability for community rehabilitation projects. This would place incentives for rehabilitation projects and renewable energy projects, including tax credits for solar.

In addition, DHCD will work with the Department of Budget and Management (DBM) to help maximize external funding opportunities to address climate in Maryland.

- The IRS Elective Pay program would allow DHCD to take advantage of tax incentives, including credits for electric vehicles, clean energy generation technologies, energy storage, and electric charging equipment and infrastructure. These credits are authorized for 10 years and can help Maryland fund critical work to meet the State's 60% greenhouse gas reduction goal by 2031.
- DHCD will coordinate with DBM to make sure that all eligible projects are registered with the IRS in order to help maximize federal funding opportunities.
- DHCD will keep Elective Pay funding in mind as a way to stack and braid tax credits with existing funding, grant opportunities, other federal programs, loans, and/or other financial products to help bridge the gap between traditional items procured and the green premium of climate-smart items.

Include GHG resources into funding stack for construction projects

Some of DHCD's programs are able to leverage existing greenhouse gas (GHG) resources as part of their projects. This could help bring GHG resources into programs that do not have the ability to revise their program policies for more efficient building principles due to various funding source restrictions. Programs that currently include energy program funding into their project funding include:

- The UPLIFT program includes energy funding for eligible energy efficiency upgrades in its rehabilitation projects
- The CDA-Multifamily programs include energy funding into their funding stack for rehabilitation projects for affordable housing properties.
- The Special Loans Programs for building rehabilitation maximize customer benefits by leveraging enrollment in the energy programs.

DHCD leadership and the program climate liaisons will work to identify additional programs that could include GHG resources into their funding stack. The following ideas are currently being explored for various programs:

- Introduce criteria that prioritize projects committed to sustainable practices, awarding additional points to applications that creatively include GHG related funding.
- Continue interdivisional and interagency exchanges to inform other programs of available funding
- Use existing and create new resources as guides for programs and participants to creatively stack state, federal, and private funding.

Review and improve the building operations protocols and setup of the agency's locations

DHCD has three office locations: Lanham (main building), Baltimore, and Cambridge. The current office buildings include some of the following efficiency features:

- The Lanham building maintains a LEED Gold Energy Efficient Standing.
- The Lanham building currently operates on occupancy-based lighting and heating schedules. The interior lights are modulated by sensors and exterior lights are on timers.

The Building Operations team will continue to work under DGS guidance to add additional features and practices over the next years:

- As a green LEED building, DHCD has plans to continue improving and evaluating the inclusion of renewable energy resources.
- Operations and Administration is changing out its vehicle fleet to EVs and is aiming to meet 20% of its goal by next year, though this change is not required until 2030.
- More EV charging stations are also planned - the Office of Operations and Administration is currently undergoing an initiative to install 4 new EV charging stations.
- Operations and Administration can also analyze where charging infrastructure could be added to support the transition to electric vehicles, identify vehicles that meet any special needs or standards for our agency's vehicles, and discern and coordinate any training needed by State mechanics to properly maintain the vehicles.
- Evaluate our buildings for the potential to host clean energy generation technologies such as solar panels, solar hot water, ground-source heat pumps, etc.

Connect program applicants with existing resources for greenhouse gas savings

Any DHCD programs that are not directly involved in construction projects, or programs that work in any capacity with consumers, can connect their participants with GHG resources that are available either through DHCD or outside funders. Current efforts include:

- UPLIFT connects legacy homeowners in surrounding communities with the energy

programs.

- Special Loan Programs direct all applicants to the energy programs as the first step to participation.
- Technical Assistance Grants provide funding to eligible nonprofits and local governments to support consulting expertise, technical assistance or training for the expansion of an existing program or deployment of a new initiative.
- Community Investment Tax Credit program awards allocations of State tax credits to nonprofits to use as incentives to attract contributions from individuals and businesses to benefit local projects and services.

DHCD leadership and the program climate liaisons will work to identify additional cross-promotion opportunities of GHG saving resources. Some programs that are currently explored include:

- Provide training to Maryland organizations about incorporating climate resiliency into their community planning and project implementation, and provide funding to projects that support climate resilience in partnership with community-based organizations that help underserved communities.
- Partner with Maryland utility companies to connect small businesses with access to market-rate energy efficiency programs to reduce the increased cost and address the financial impact on smaller businesses.
- Compile resource documents that programs can use to educate their participants on available resources for making GHG upgrades to their homes.

Promote high density and transit oriented new development

DHCD is involved in funding many new community developments. Developments with higher density and less sprawl, as well as orienting new developments along existing alternative transit infrastructure such as public transit or biking, are among the most effective ways to reduce climate impact for new construction. Currently, DHCD implements the following principles:

- Support development with access to transit as part of DHCD's efforts to champion Sustainable Communities and reduce carbon emissions.
- The Low Income Housing Tax Credit program favors applications with projects located in a state-designated Transit Oriented Development area.
- Partner with MDOT to support transit oriented development to reduce the need for car travel and promote the use of public transit, which has a lower carbon footprint.
- Advance the construction of development for dense, mixed-use and mixed-income development, including more affordable housing, within a half-mile of transit stations.
- Advance projects that will spur economic development around transit stops and

create more housing opportunities for Marylanders.

DHCD leadership and the program climate liaisons will work to identify additional programs or steps that can be taken to promote low carbon development:

- Incentivize new development in denser areas through higher funding amounts or application points.
- Prioritize new development projects that are located in public transit proximity.
- Incentivize the inclusion of bike infrastructure in community development projects.

DHCD Secretary Jake Day and MDOT Secretary Paul Wiedefeld have signed a Memorandum of Understanding between the two agencies to advance Maryland's transit, economic development, housing, and climate goals. Secretary Day stated that this agreement will help DHCD collaborate with MDOT to address Maryland's housing shortage of over 96,000 units and foster communities' economic vitality; the agreement also aims to create more affordable housing near transit stations, giving priority to transit adjacent sites and MDOT joint development projects in funding programs that DHCD oversees.

Part 3: Considering Greenhouse Gas Emissions Reductions and Impacts on Disproportionately Affected Communities

Maryland's Department of Housing and Community Development is committed to meeting the State Mandated Climate Implementation Plan through various strategies aimed at reducing greenhouse gas emissions while benefiting overburdened and underserved communities. This comprehensive approach encompasses energy efficiency, sustainable construction practices, renewable energy adoption, and community engagement. By integrating sustainable practices across its programs and operations, DHCD is positioning itself as a leader in environmentally responsible community development.

One of DHCD's goals is to emphasize partnerships with community-based organizations that work directly with underserved populations: helping tailor equity programs to meet specific local needs, and ensuring that activities like training, climate resilience planning, and sustainable resource management are focused in areas that are most vulnerable to climate impacts. By targeting funding and program activities in underserved communities, DHCD will uphold its commitment to promote environmental justice and ensure that all Marylanders can benefit from the opportunities and protections in the face of a changing climate.

DHCD will address the disproportionate impacts of climate change for underserved and

overburdened communities that will continue to be supported through our local community development partners through State Revitalization Programs including BRNI, Community Legacy and NED. Targeted investments with a focus on equity and environmental justice is a priority, as well as encouraging the use of higher efficiency construction standards and the inclusion of renewable energy systems in construction projects for organizations seeking tax credits for construction projects. Through these efforts, DHCD is not only reducing greenhouse gas emissions, but is also fostering stronger, more resilient communities that can better adapt to and mitigate the impacts of climate change.

Part 4: Resources for Implementation

Implementation Timeline

Short-term steps to accomplish within the upcoming 6-12 months for FY25 include:

- Meet quarterly with the climate liaisons to review progress and next steps towards implementing the agency-wide climate actions on a program level.
- Apply for all available GHG-related funding and encourage stacking of GHG funds into existing projects.
- Develop GHG resources for consumer-facing programs to distribute to participants.
- Review program obligations and the ability to amend such obligations to implement the actions in Part 2.
- Strengthen or establish partnerships with organizations that offer GHG incentives and programs to collaborate with on construction projects.

Medium-term goals for the following 12-24 months include on a per program basis:

- Establish new baseline requirements for energy efficiency, clean energy use, and renewable energy systems for all construction programs.
- Design new incentive levels and scoring methods that promote higher GHG savings.
- Integrate efficiency and renewable energy considerations into funding evaluations.

For long-term implementation by 2030, DHCD will complete the following milestones:

- Complete the transition of the vehicle fleet to EVs.
- Fully implement higher efficiency and cleaner construction standards across all applicable programs.

Funding for Implementation

This section describes the current funding, including State and federal funding, that can be used toward accomplishing the actions in DHCD's climate implementation plan, the anticipated cost of implementing additional actions as outlined in Part 2, and the anticipated gap, if any, between the current funding and the total resources required for implementation.

DHCD Climate Implementation Plan
November 1, 2024

Program	Team	Funding	FY 2025 Appropriation	Estimated Additional Cost for Full Implementation*	Total Estimated Cost of Plan
Community Legacy	State Revitalization Programs (Neighborhood Revitalization)	State	\$8,000,000	\$1,200,000	\$9,200,000
Baltimore Regional Neighborhood Initiative	State Revitalization Programs (Neighborhood Revitalization)	State	\$20,650,000	\$3,097,500	\$23,747,500
Seed	State Revitalization Programs (Neighborhood Revitalization)	State	\$10,000,000	\$1,500,000	\$11,500,000
National Capital Strategic Economic Development	State Revitalization Programs (Neighborhood Revitalization)	State	\$19,000,000	\$2,850,000	\$21,850,000
Business Facade	State Revitalization Programs (Neighborhood Revitalization)	State	\$5,000,000	\$750,000	\$5,750,000
Community Development Block Grant	Community Development Programs (Neighborhood Revitalization)	Federal	\$12,450,000	\$1,867,500	\$14,317,500
Rental Housing Works	CDA Multifamily	State	\$88,000,000	\$13,200,000	\$101,200,000
Rental Housing Program	CDA Multifamily	State	\$16,500,000	\$2,475,000	\$18,975,000
HOME	CDA Multifamily	Federal	\$5,000,000	\$750,000	\$5,750,000
Partnership Rental Housing	CDA Multifamily	State	\$6,000,000	\$900,000	\$6,900,000

Shelter and Transitional Housing	CDA Multifamily	State	\$3,000,000	\$450,000	\$3,450,000
UPLIFT	CDA	State	\$10,000,000	\$1,500,000	\$11,500,000
All Special Loan Programs	Special Loans	State and Federal	\$13,445,000	\$2,016,750	\$15,461,750
All CDA Energy Programs	CDA Energy	State and Federal	\$104,400,000	\$15,660,000	\$120,060,000
Neighborhood Business Works	Business Lending	State	\$12,200,000	\$1,830,000	\$14,030,000
SSBCI	Business Lending	Federal	\$16,114,000	\$2,417,100	\$18,531,100
BEAD Programs	Office of Statewide Broadband (OSB)	Federal	\$175,061,901	\$8,753,095	\$183,814,996
TOTAL			\$524,820,901	\$61,216,945	\$586,037,846

* Assuming that the average cost of construction projects increases by 15% when factoring in zero carbon technology and net zero building standards, however this number can vary significantly based on several factors, such as location, type of building, and the specific technologies used. The estimate does not factor in any increased volume in the number of projects completed, nor future inflation of construction costs.

Part 5: Outcomes from Implementation

By implementing this comprehensive climate plan, DHCD has the potential to create a ripple effect of positive outcomes that extend far beyond the immediate goals of greenhouse gas reduction. The plan sets the stage for a healthier, more prosperous, and more equitable Maryland.

The DHCD Climate Implementation Plan is poised to yield significant benefits across multiple domains over time. In the short term, health improvements can occur through low-emission materials, energy-efficient systems, and removal of harmful substances. The green construction sector will see job growth as projects adopt higher efficiency standards, while the renewable energy industry, particularly in solar installation, will expand. Communities will benefit from enhanced equity through targeted initiatives and improved energy efficiency in small businesses, potentially spurring local economic growth.

Benefits of the plan include increased economic resilience, as communities and businesses become better equipped to withstand energy cost fluctuations and climate events. Environmental justice will be advanced through targeted interventions in underserved areas, addressing long-standing inequities. The focus on sustainability is expected to foster an innovative ecosystem. Public health infrastructure will be strengthened through the integration of health considerations into community planning, while new educational pathways emerge to support the transition to a green economy.

By implementing this comprehensive climate plan, DHCD has the potential to create far-reaching positive outcomes beyond immediate greenhouse gas reduction goals.