

**Maryland General Assembly
Department of Legislative Services**

**Proposed Regulation
Department of Housing and Community Development
(DLS Control No. 14-244)**

Overview and Legal and Fiscal Impact

These regulations conform to recent changes made to the federal HOME Investment Partnerships Program regulations (24 CFR Part 92). The regulations also update existing regulations to conform to the requirements of Chapter 229 of 2014, the Multifamily Rental Housing Programs Efficiency Act.

The regulations present no legal issues of concern.

There is no fiscal impact on State or local agencies.

Regulations of COMAR Affected

Department of Housing and Community Development:

Federal Housing Programs: Maryland HOME Program:
COMAR 05.12.01.02-.07, .09-.11, .14-.16, and .18-.22

Legal Analysis

Background

The HOME Investment Partnerships Program (HOME) is a federal program that provides grants to States and local jurisdictions to build, buy, and rehabilitate affordable housing. HOME program funds may also be used to provide direct rental assistance to low-income households.

States are automatically eligible for HOME program funds and receive either a formulaic allocation or \$3 million, whichever is greater. The formula allocation considers the relative inadequacy of each jurisdiction's housing supply, the jurisdiction's incidence of poverty, the jurisdiction's fiscal situation, and other factors. HOME funds are awarded annually.

Summary of Regulation

Regulation .03 provides a list of defined terms to be used throughout the chapter, regulation .04 adds halfway houses and dormitories to the list of ineligible activities to be funded with HOME funds, and Regulation .09 clarifies the types of projects a CHDO may use HOME funds. Regulation .10 alters the maximum amount of financial assistance a single project may receive under the HOME program from \$1,500,000 to \$2,000,000, and also provides the circumstances under which a project may reduce the number of units designated as HOME-assisted units.

Regulation .14 establishes property standards for all projects (both existing and new construction) to which HOME funds are committed on or after January 24, 2015. Regulation .15 adds additional rent and occupancy restrictions for single room occupancy housing projects that use HOME funds. Regulation .16 requires that each project must submit an affirmative fair housing and marketing plan in accordance with the Multifamily Rental Financing Program Guide, and establishes certain prohibited fees.

Finally, Regulations .02, .05, .06, .11, .18, .19, .20, .21, and .22 make stylistic and clarifying changes to the regulations to reflect changes made to federal HOME program regulations, as well as changes to the State's Rental Housing Program.

Legal Issue

The regulations present no legal issues of concern.

Statutory Authority and Legislative Intent

The Department of Housing and Community Development cites §§ 2-111 and 4-211(a)(8) through (a)(10) of the Housing and Community Development Article and §§ 5-7B-01 through 5-7B-10 of the State Finance and Procurement Article as authority for the regulations.

Section 2-111 states that the Secretary of the Department of Housing and Community Development is responsible for adopting regulations for the Office of the Secretary. Current departmental regulations specify that the HOME program is to be implemented by the department. Additionally, although the department's Community Development Administration does not possess its own broad rulemaking authority, § 4-211(a)(8) requires the administration to "do all things necessary" to qualify for federal grants, which likely includes adopting regulations to implement the HOME program in accordance with federal requirements.

The cited authority is accurate and complete. The regulations comply with the legislative intent of the law.

Technical Corrections

The department will be adding §§ 2-111 and 4-211(a) (10) of the Housing and Community Development Article as statutory authority for the regulations.

Fiscal Analysis

There is no fiscal impact on State or local agencies.

Agency Estimate of Projected Fiscal Impact

The department advises that the regulations have minimal or no impact on State or local governments. The regulations conform to recent federal program changes and also to Chapter 229 of 2014 (HB 453). HB 453 consolidated four multifamily housing programs to be under a new Rental Housing Program. The Department of Legislative Services concurs.

The fiscal and policy note for HB 453 indicated that the bill did not materially affect State or local government operations or finances.

Impact on Budget

There is no impact on the State operating or capital budget.

Agency Estimate of Projected Small Business Impact

The department advises that the regulations have minimal or no economic impact on small businesses in the State. The Department of Legislative Services concurs.

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