Department of Legislative Services

Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

House Bill 137 (Chairman, Economic Matters Committee)
(Departmental - Housing and Community Dev.)
Economic Matters

Department of Housing and Community Development - Community Development Administration - Community Development Projects

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This departmental bill exempts housing development projects funded by the Community Development Administration that are located in designated neighborhood revitalization areas and that provide financial assistance for employees to purchase homes near their place of employment from the requirement that a substantial part (at least 51%) of the housing be occupied by families of limited income.

The bill takes effect July 1, 1999.

Fiscal Summary

State Effect: Total expenditures of the Community Development Administration would not change. Potential increase in revenues.

Local Effect: Potential increase in local government revenues. No effect on expenditures.

Small Business Effect: The Department of Housing and Community Development has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Fiscal Analysis

State Effect: The Community Development Administration of the Department of Housing and Community Development finances community development projects through the issuance of a variety of bonds, including housing revenue bonds and mortgage revenue bonds, and through special funds of the department. Housing revenue bonds and mortgage revenue bonds do not constitute a debt of the State. The bill increases the pool of eligible participants for housing in community development projects by exempting the State's Live Near Your Work Program in designated neighborhood revitalization areas financed through the administration. The State's Live Near Your Work Program provides a cash incentive for employees to live near their work in targeted revitalization neighborhoods. Participating employees receive a grant for a minimum of $3,000 for the costs associated with the purchase of a home in a qualified area. There are currently eight jurisdictions and 35 employers participating in the program. Assuming that overall funding for community development projects remains the same, increasing the pool of eligible participants will not affect total program expenditures. There are approximately 140 designated revitalization areas throughout the State.

To the extent that this legislation spurs employment and economic development, tax revenues could increase.

Local Effect: Eliminating the income restriction for community development projects in designated neighborhoods would increase the base of families that could be eligible for loans provided by the Community Development Administration. This could help support the implementation of local revitalization plans by promoting investment in designated neighborhood revitalization areas by families with a broader range of incomes. As a result, local governments could realize an increase in property tax revenue.

Information Source(s): Department of Housing and Community Development, Department of Legislative Services

Fiscal Note History: First Reader - January 29, 1999
dmm/jr Revised - House Third Reader - March 23, 1999

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