

HOUSE BILL 501

Unofficial Copy
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2000 Regular Session
(01r1526)

ENROLLED BILL

-- Economic Matters/Economic and Environmental Affairs --

Introduced by **Delegates Cane, R. Baker, Baldwin, Benson, Burns, Conway,
Eckardt, Fulton, Griffith, Healey, Hill, Marriott, Moe, Morhaim, Oaks,
Owings, Turner, and Zirkin**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Department of Housing and Community Development - Self-Help**
3 **Homeownership Technical Assistance Program Affordable Housing**

4 FOR the purpose of establishing a Self-Help Homeownership Technical Assistance
5 Program in the Department of Housing and Community Development; defining
6 certain terms; establishing the purpose of the Program; requiring the
7 Department to administer the Program and adopt certain regulations, policies,
8 and procedures that encourage self-help homeownership throughout the State;
9 establishing certain conditions for the approval by the Department of project
10 applications; providing that service as a trustee of the Board of Trustees for the
11 Maryland Affordable Housing Trust may not be deemed an office or employment
12 for purposes of any statutory prohibition against the holding of two public
13 positions; and generally relating to ~~the Self-Help Homeownership Technical~~
14 ~~Assistance Program and the development of opportunities for self-help~~
15 ~~homeownership in the State~~ affordable housing.

1 BY adding to
2 Article 83B - Department of Housing and Community Development
3 Section 2-1501 through 2-1509, inclusive, to be under the new subtitle "Subtitle
4 15. Self-Help Homeownership Technical Assistance Program"
5 Annotated Code of Maryland
6 (1998 Replacement Volume and 1999 Supplement)

7 BY repealing and reenacting, with amendments,
8 Article 83B - Department of Housing and Community Development
9 Section 11-103(c)
10 Annotated Code of Maryland
11 (1998 Replacement Volume and 1999 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article 83B - Department of Housing and Community Development**

15 **SUBTITLE 15. SELF-HELP HOMEOWNERSHIP TECHNICAL ASSISTANCE PROGRAM.**

16 2-1501.

17 THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

18 (1) HOMEOWNERSHIP IS A STABILIZING FACTOR FOR COMMUNITIES
19 AND FAMILIES AND IS THE BEST WAY FOR LOW INCOME FAMILIES TO BUILD EQUITY
20 AND MOVE OUT OF POVERTY;

21 (2) THE AFFORDABILITY OF HOMEOWNERSHIP HAS WORSENERED OVER
22 THE LAST 20 YEARS BECAUSE INCOMES HAVE NOT KEPT PACE WITH THE RISING
23 COSTS OF HOMEOWNERSHIP;

24 (3) SELF-HELP HOUSING ASSISTS LOW INCOME HOUSEHOLDS TO MOVE
25 INTO HOMEOWNERSHIP, WHICH INCREASES THEIR FINANCIAL STABILITY;

26 (4) FAMILIES WORKING IN GROUPS TO COOPERATIVELY BUILD THEIR
27 HOMES ASSISTS IN CREATING STRONGER COMMUNITIES; AND

28 (5) THERE HAVE BEEN THREE SUCCESSFUL FEDERALLY FUNDED
29 SELF-HELP PROGRAMS IN MARYLAND AND MODELING A STATE SELF-HELP
30 OWNERSHIP PROGRAM ON A WELL-TESTED FEDERAL PROGRAM WILL INCREASE
31 HOMEOWNERSHIP OPPORTUNITIES FOR LOW INCOME HOUSEHOLDS ACROSS
32 MARYLAND.

33 2-1502.

34 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
35 INDICATED.

1 (B) "APPLICANT" MEANS ANY ELIGIBLE LOCAL JURISDICTION, PUBLIC ENTITY,
2 OR NONPROFIT ORGANIZATION WHO APPLIES FOR A TECHNICAL ASSISTANCE GRANT
3 UNDER THIS SUBTITLE.

4 (C) "FAMILIES OF LIMITED INCOME" MEANS FAMILIES OR PERSONS WHOSE
5 INCOMES DO NOT EXCEED UPPER INCOME LIMITS ESTABLISHED BY THE SECRETARY
6 TAKING INTO CONSIDERATION FACTORS INCLUDING:

7 (1) THE AMOUNT OF THE TOTAL INCOME OF SUCH FAMILIES AVAILABLE
8 FOR HOUSING NEEDS;

9 (2) THE SIZE OF THE FAMILY;

10 (3) THE COST AND CONDITION OF HOUSING FACILITIES AVAILABLE;

11 (4) THE ABILITY OF SUCH FAMILIES TO COMPETE SUCCESSFULLY IN
12 THE NORMAL PRIVATE HOUSING MARKET; AND

13 (5) STANDARDS AND DEFINITIONS ESTABLISHED FOR RELATED
14 FEDERAL AND STATE HOUSING PROGRAMS.

15 (D) "LOCAL JURISDICTION" MEANS A MUNICIPAL CORPORATION OR COUNTY.

16 (E) "OWNER-BUILDER" MEANS ANY INDIVIDUAL OR FAMILY WHO PROVIDES
17 ALL, OR A SUBSTANTIAL AMOUNT AS DETERMINED BY THE DEPARTMENT, OF THE
18 LABOR NECESSARY TO BUILD A HOUSING UNIT THAT WILL BE THE PRINCIPAL
19 RESIDENCE OF THAT INDIVIDUAL OR FAMILY.

20 (F) "OWNER-BUILDING" MEANS THE PROCESS ENGAGED IN BY
21 OWNER-BUILDERS IN THE CONSTRUCTION OF A PRINCIPAL RESIDENCE.

22 ~~(G) "PRIORITY FUNDING AREA" MEANS A GEOGRAPHIC AREA OF THE STATE
23 DEFINED IN § 5-7B-02 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.~~

24 ~~(H)~~ (G) "PROGRAM" MEANS THE SELF-HELP HOMEOWNERSHIP TECHNICAL
25 ASSISTANCE PROGRAM.

26 ~~(H)~~ (H) "PROJECT" MEANS 6 OR MORE HOUSING UNITS IN CLOSE PROXIMITY
27 TO ONE ANOTHER WHICH ARE BUILT OR REHABILITATED USING THE SELF-HELP
28 METHODS AND WITH WHICH THE OWNER-BUILDERS OR SELF-HELP
29 REHABILITATORS WORK AS A TEAM ON THE CONSTRUCTION OR REHABILITATION OF
30 EACH OTHERS' UNITS.

31 ~~(I)~~ (I) "SELF-HELP REHABILITATOR" MEANS ANY INDIVIDUAL OR FAMILY
32 WHO PROVIDES ALL, OR A SUBSTANTIAL AMOUNT AS DETERMINED BY THE
33 DEPARTMENT, OF THE LABOR NECESSARY TO REHABILITATE, RENOVATE, OR
34 IMPROVE THE PRINCIPAL RESIDENCE OF THE INDIVIDUAL OR THE FAMILY.

1 ~~(K)~~ (J) "SELF-HELP REHABILITATION" MEANS THE PROCESS ENGAGED IN
2 BY SELF-HELP REHABILITATORS IN THE REHABILITATION, RENOVATION, OR
3 IMPROVEMENT OF THEIR PRINCIPAL RESIDENCES.

4 ~~(L)~~ (K) "TECHNICAL ASSISTANCE GRANT" MEANS A GRANT AWARDED BY
5 THE PROGRAM, WHICH ENABLES A LOCAL GOVERNMENT OR A NONPROFIT
6 ORGANIZATION TO PROVIDE TECHNICAL ASSISTANCE TO OWNER-BUILDERS AND
7 SELF-HELP REHABILITATORS.

8 2-1503.

9 (A) THERE IS A SELF-HELP HOMEOWNERSHIP TECHNICAL ASSISTANCE
10 PROGRAM IN THE DEPARTMENT.

11 (B) THE PURPOSE OF THE PROGRAM IS TO MAKE GRANTS FOR TECHNICAL
12 ASSISTANCE TO EXPAND:

13 (1) THE PRODUCTION OF DECENT AFFORDABLE HOUSING FOR FAMILIES
14 OF LIMITED INCOME THROUGH THE USE OF SELF-HELP METHODS OF
15 REHABILITATION AND CONSTRUCTION;

16 (2) THE HOMEOWNERSHIP OPPORTUNITIES FOR THOSE TO WHOM IT
17 WOULD OTHERWISE NOT BE AVAILABLE WITHOUT THE COST SAVINGS ACHIEVED BY
18 THE SELF-HELP METHOD; AND

19 (3) SELF-RELIANCE, PRIDE OF OWNERSHIP, AND SENSE OF COMMUNITY
20 FOR THOSE WHO PARTICIPATE.

21 2-1504.

22 THE DEPARTMENT SHALL:

23 (1) ADMINISTER THE PROGRAM;

24 (2) ESTABLISH GUIDELINES TO DETERMINE APPLICANT ELIGIBILITY
25 FOR TECHNICAL ASSISTANCE GRANTS; AND

26 (3) ADOPT REGULATIONS TO CARRY OUT THE SELF-HELP
27 HOMEOWNERSHIP TECHNICAL ASSISTANCE PROGRAM.

28 2-1505.

29 (A) THE DEPARTMENT MAY ESTABLISH CRITERIA TO DETERMINE ELIGIBILITY
30 FOR A TECHNICAL ASSISTANCE GRANT FROM THE PROGRAM, WHICH MAY INCLUDE:

31 (1) THE EXTENT TO WHICH THE REQUEST FOR FUNDS SERVES THE
32 LARGEST PROPORTION OF FAMILIES OF LIMITED INCOME; AND

33 (2) FACTORS FOR EVALUATION OF APPLICATIONS FOR TECHNICAL
34 ASSISTANCE GRANTS WHICH SHALL INCLUDE BUT NOT BE LIMITED TO:

1 (I) THE EXTENT TO WHICH THE APPLICANT USES AVAILABLE
2 FEDERAL, STATE, AND LOCAL PROGRAMS AND RESOURCES IN THE PROJECT;

3 (II) THE ORGANIZATIONAL CAPACITY OF THE APPLICANT TO CARRY
4 OUT THE PROJECT;

5 (III) THE FEASIBILITY OF THE PROJECT;

6 (IV) THE COST EFFECTIVENESS OF THE PROJECT IN TERMS OF PER
7 UNIT SELF-HELP HOUSING FUND COSTS; AND

8 (V) THE EXTENT TO WHICH PROJECT PARTICIPANTS USE
9 SELF-HELP LABOR.

10 ~~(B) THE DEPARTMENT MAY REQUIRE THAT A PROJECT BE LOCATED WITHIN A~~
11 ~~PRIORITY FUNDING AREA IN ORDER TO BE ELIGIBLE FOR A TECHNICAL ASSISTANCE~~
12 ~~GRANT.~~

13 ~~(C)~~ (B) THE DEPARTMENT MAY ADOPT REGULATIONS TO IMPLEMENT THIS
14 SECTION.

15 2-1506.

16 (A) THE DEPARTMENT MAY AWARD TECHNICAL ASSISTANCE GRANTS TO
17 LOCAL JURISDICTIONS AND NONPROFIT ORGANIZATIONS TO PROVIDE ASSISTANCE
18 TO FAMILIES OF LIMITED INCOME WHO ARE OWNER-BUILDERS OR SELF-HELP
19 REHABILITATORS FOR THE FOLLOWING PURPOSES:

20 (1) ASSISTANCE, TRAINING, AND SUPERVISION ON SELF-HELP
21 CONSTRUCTION ACTIVITIES AND TECHNIQUES;

22 (2) ASSISTANCE IN PROJECT DEVELOPMENT WHICH INCLUDES, BUT IS
23 NOT LIMITED TO, THE PREPARATION OF PLANS FOR SELF-HELP HOUSING,
24 PREPARATION OF CONTRACTS FOR PROFESSIONAL SERVICES, APPLICATION FOR
25 PROJECT FUNDING, PACKAGING HOUSEHOLDS' APPLICATIONS FOR ASSISTANCE,
26 PREPARATION OF SUBDIVISION MAPS, REVIEW OF ENGINEERING PLANS AND
27 SPECIFICATIONS FOR CONSTRUCTION AND REHABILITATION PROJECTS, AND
28 COMPLIANCE WITH APPROPRIATE REQUIREMENTS OF FUNDING AGENCIES AND
29 LOCAL GOVERNMENT; AND

30 (3) ADMINISTRATIVE COSTS OF PROVIDING TECHNICAL ASSISTANCE
31 FOR THE ACTIVITY FUNDED BY THE DEPARTMENT.

32 (B) TECHNICAL ASSISTANCE GRANTS SHALL NOT BE USED FOR THE
33 PURCHASE OF LAND, MATERIALS, TOOLS, AND CONSTRUCTION EQUIPMENT OR FOR
34 ANY COSTS OF CONSTRUCTION.

1 2-1507.

2 THE DEPARTMENT MAY AWARD TECHNICAL ASSISTANCE GRANTS TO LOCAL
3 JURISDICTIONS AND NONPROFIT ORGANIZATIONS TO PROVIDE OWNER-BUILDERS
4 AND SELF-HELP REHABILITATORS INFORMATION AND TECHNICAL ASSISTANCE,
5 INCLUDING:

- 6 (1) THE COST SAVINGS OF OWNER-BUILDING AND SELF-HELP
7 REHABILITATION;
- 8 (2) CONSTRUCTION MATERIALS AND METHODS;
- 9 (3) THE IDENTITY OF LOCAL MATERIAL SOURCES AND TECHNICAL
10 RESOURCES;
- 11 (4) FINANCING REQUIREMENTS AND OPPORTUNITIES;
- 12 (5) SITE ACQUISITION;
- 13 (6) INSURANCE AND LEGAL REQUIREMENTS;
- 14 (7) BUILDING CODES, STANDARDS, AND HOUSING CODES;
- 15 (8) OTHER AVAILABLE HOUSING ALTERNATIVES; AND
- 16 (9) ANY OTHER INFORMATION OR TECHNICAL ASSISTANCE
17 DETERMINED BY THE DEPARTMENT TO FURTHER THE PURPOSES OF THE PROGRAM.

18 2-1508.

19 (A) THE DEPARTMENT MAY AWARD TECHNICAL ASSISTANCE GRANTS TO
20 LOCAL JURISDICTIONS AND NONPROFIT ORGANIZATIONS ON THE FOLLOWING
21 TERMS AND CONDITIONS:

- 22 (1) A BUDGET SETTING FORTH THE KINDS AND AMOUNTS OF
23 ALLOWABLE EXPENDITURES TO BE MADE WITH THE GRANT FUNDS;
- 24 (2) THE MANNER, TIMING, AND CONDITIONS FOR DISBURSEMENT OF
25 FUNDS TO GRANTEES;
- 26 (3) A TIMETABLE FOR COMPLETION OF EACH STAGE OF THE PROJECT
27 AND FOR FINAL PROJECT COMPLETION; AND
- 28 (4) TERMS NECESSARY TO ENSURE COMPLIANCE WITH THESE
29 REGULATIONS, ANY SPECIAL CONDITIONS IMPOSED BY GRANT APPROVAL, AND ANY
30 OTHER TERMS AND CONDITIONS SPECIFIED BY THE DEPARTMENT; ~~AND~~.

31 ~~(5)~~ (B) FOR TECHNICAL ASSISTANCE GRANTS MADE UNDER THE
32 PROGRAM, THE DEPARTMENT MAY REQUIRE THAT A GRANT BE REPAID, IN WHOLE
33 OR IN PART, UPON THE OCCURRENCE OF CONDITIONS SPECIFIED BY THE
34 DEPARTMENT.

1 2-1509.

2 (A) A TECHNICAL ASSISTANCE GRANT MAY NOT BE:

3 (1) MORE THAN 20 PERCENT OF THE AVERAGE PURCHASE PRICE, OVER
4 THE LAST 3 FISCAL YEARS FOR WHICH DATA IS AVAILABLE, OF A RESIDENCE
5 FINANCED BY A RESIDENTIAL MORTGAGE LOAN PURCHASED BY THE
6 ADMINISTRATION UNDER § 2-208 OF THIS ARTICLE IN THE GEOGRAPHICAL REGION
7 WHERE THE TECHNICAL ASSISTANCE GRANT IS TO BE AWARDED; AND

8 (2) AWARDED FOR A PROJECT OF FEWER THAN 6 HOUSING UNITS.

9 (B) THE TECHNICAL ASSISTANCE GRANT RECIPIENT SHALL COMPLETE THE
10 PROJECT WITHIN 2 YEARS FROM THE EFFECTIVE DATE OF THE GRANT UNLESS AN
11 EXTENSION OF THE GRANT TERM IS MADE AT THE DISCRETION OF THE
12 DEPARTMENT IN THE EVENT OF DELAYS IN PROJECT IMPLEMENTATION BEYOND
13 THE REASONABLE CONTROL OF THE GRANT RECIPIENT.

14 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
15 read as follows:

16 Article 83B - Department of Housing and Community Development

17 11-103.

18 (c) (1) The Board of Trustees shall include one representative of each of the
19 following:

20 (i) Title companies doing business in the State;

21 (ii) The Maryland Center for Community Development;

22 (iii) Financial institutions doing business in the State;

23 (iv) Local governments;

24 (v) Nonprofit housing developers;

25 (vi) For profit housing developers;

26 (vii) Public housing authorities; and

27 (viii) Social services providers.

28 (2) The Board of Trustees shall include three representatives of the
29 general public.

30 (3) SERVICE AS A TRUSTEE MAY NOT BE DEEMED AN OFFICE OR
31 EMPLOYMENT OF THE STATE FOR PURPOSES OF ANY STATUTORY PROHIBITION
32 AGAINST HOLDING TWO PUBLIC POSITIONS.

1 SECTION ~~2.~~ 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act
2 shall take effect October 1, 2000.

3 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in
4 Section 3 of this Act, this Act shall take effect June 1, 2000.