

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

Senate Bill 206 (The President. *et al.*)
(Administration)

Economic and Environmental Affairs

Homeownership Opportunities for Teachers

This Administration bill requires the Department of Housing and Community Development (DHCD) to promote homeownership opportunities for teachers by providing mortgage loans at interest rates below the prevailing rate. To qualify for State assistance, the teacher must be a first-time home buyer and the residential property must be located in a priority funding area. DHCD is authorized to dedicate up to \$25 million over a five-year period for mortgage loans to teachers. Teachers must commit to teach in the State's public schools for a minimum of three years.

This bill takes effect June 1, 2000.

Fiscal Summary

State Effect: General funds would not be affected. The Maryland Mortgage Program is financed solely through revenue bond proceeds. DHCD intends to issue \$25 million in loans for homeownership opportunities for teachers over a five-year period.

Local Effect: None.

Small Business Effect: A small business impact statement was not provided by the Administration in time for inclusion in this fiscal note. A revised fiscal note will be issued when the Administration's assessment becomes available.

Analysis

Current Law: DHCD is responsible for administering several programs that promote homeownership opportunities for State residents, including the Maryland Mortgage Program. Section 2-201 of Article 83B authorizes the Community Development Administration within DHCD to administer homeownership opportunities programs. The Maryland Mortgage Program is the only program administered by DHCD that would be affected by this bill. While the promotion of homeownership opportunities for teachers is not specifically mentioned in statute, teachers are currently eligible to apply for loans under the program.

Background: The Maryland Mortgage Program provides low-interest mortgage loans to eligible home buyers with low to moderate incomes. The program began in 1980 and is targeted primarily to first-time home buyers. DHCD provides low-interest financing to local lenders who work directly with home buyers to process the loans. To qualify for a loan, individuals must meet certain requirements, including income and home price limitations. **Exhibit 1** shows the maximum household incomes and home prices under the program. In addition, applicants must be unable to obtain mortgage financing using conventional rates and must not have owned a home within the last three years, except in certain targeted areas. Targeted areas include Baltimore City and Allegany, Caroline, Dorchester, Garrett, Kent, and Somerset counties. Individuals must have established credit and an acceptable credit history, and have enough cash to pay at least part of the closing costs and any required down payment.

The bill requires that \$25 million in loans within the Maryland Mortgage Program be targeted to teachers over a five-year period. The Maryland Mortgage Program issues approximately \$150 million in loans annually financed by revenue bonds.

Exhibit 1
Maryland Mortgage Program - Income and Home Price Limitations

County	Beginning Teacher's Salary (*)	Income Limits	Maximum Home Price	
			Existing	New
Allegany	\$26,043	\$64,300 (a) \$73,945 (b)	\$92,763	\$121,296
Anne Arundel	\$29,759	\$64,300 (a) \$73,945 (b)	\$140,634	\$157,825

Baltimore City	\$30,016	\$64,300 (a) \$73,945 (b)	\$140,634	\$157,825
Baltimore	\$30,949	\$64,300 (a) \$73,945 (b)	\$140,634	\$157,825
Calvert	\$34,100	\$78,900 (a) \$90,735 (b)	\$180,807	\$182,305
Caroline	\$30,890	\$64,300 (a) \$73,945 (b)	\$121,296	\$121,296
Carroll	\$28,759	\$64,300 (a) \$73,945 (b)	\$140,634	\$157,825
Cecil	\$30,356	\$64,300 (a) \$73,945 (b)	\$137,919	\$146,473
Charles	\$31,703	\$78,900 (a) \$90,735 (b)	\$180,807	\$182,305
Dorchester	\$28,229	\$64,300 (a) \$73,945 (b)	\$121,296	\$121,296
Frederick	\$30,529	\$78,900 (a) \$90,735 (b)	\$180,807	\$182,305
Garrett	\$25,658	\$64,300 (a) \$73,945 (b)	\$121,296	\$121,296
Harford	\$30,801	\$64,300 (a) \$73,945 (b)	\$140,634	\$157,825
Howard	\$30,270	\$64,300 (a) \$73,945 (b)	\$140,634	\$157,825
Kent	\$30,075	\$64,300 (a) \$73,945 (b)	\$130,625	\$130,625
Montgomery	\$34,860	\$78,900 (a) \$90,735 (b)	\$180,807	\$182,305
Prince George's	\$34,544	\$78,900 (a) \$90,735 (b)	\$180,807	\$182,305
Queen Anne's	\$29,700	\$64,300 (a) \$73,945 (b)	\$140,634	\$157,825

St. Mary's	\$30,844	\$64,300 (a) \$73,945 (b)	\$133,918	\$141,023
Somerset	\$28,855	\$64,300 (a) \$73,945 (b)	\$121,296	\$121,296
Talbot	\$31,600	\$64,300 (a) \$73,945 (b)	\$133,918	\$147,250
Washington	\$29,557	\$64,300 (a) \$73,945 (b)	\$133,918	\$142,500
Wicomico	\$30,780	\$64,300 (a) \$73,945 (b)	\$121,296	\$121,296
Worcester	\$31,318	\$64,300 (a) \$73,945 (b)	\$121,296	\$121,296

Note:

(*) Beginning teacher salary for the 1999-2000 school year for teachers with a master's degree, except in Garrett and Queen Anne's counties where it is for teachers with a bachelor's degree.

(a) 1 or 2 persons in household

(b) 3 or more persons in household

Source: Department of Housing and Community Development

Additional Information

Prior Introductions: None.

Cross File: HB 282 (The Speaker, *et al.*) - Economic Matters.

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

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