

SENATE BILL 630

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2001 Regular Session
11r1924
CF 11r1933

By: **Senator Currie**

Introduced and read first time: February 2, 2001

Assigned to: Economic and Environmental Affairs and Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Homeownership Opportunities for Individuals with Disabilities Program**

3 FOR the purpose of requiring the Department of Housing and Community
4 Development to establish the Homeownership Opportunities for Individuals
5 with Disabilities Program; requiring the Department to manage, supervise, and
6 adopt regulations for the Program; requiring the Secretary to determine the
7 adjusted annual income for the Program on a certain percentage of the median
8 family income; requiring the Department to establish an Advisory Committee;
9 requiring applicants for the Program to meet certain qualifications; providing
10 for the membership of the Advisory Committee; requiring the Governor to
11 appropriate certain funds; defining certain terms; providing for the effective
12 date of this Act; and generally relating to the Homeownership Opportunities for
13 Individuals with Disabilities Program.

14 BY repealing and reenacting, with amendments,
15 Article 83B - Department of Housing and Community Development
16 Section 2-101(b)
17 Annotated Code of Maryland
18 (1998 Replacement Volume and 2000 Supplement)

19 BY adding to
20 Article 83B - Department of Housing and Community Development
21 Section 2-1601 through 2-1606, inclusive, to be under the new subtitle "Subtitle
22 16. The Homeownership for Individuals with Disabilities Program"
23 Annotated Code of Maryland
24 (1998 Replacement Volume and 2000 Supplement)

25 Preamble

26 WHEREAS, Homeownership stabilizes Maryland's communities and encourages
27 political and social involvement by giving individuals a stake in the future of their
28 communities; and

1 WHEREAS, Supporting the efforts of individuals with disabilities to become
2 homeowners fosters independence and self-reliance; and

3 WHEREAS, Individuals with disabilities often encounter unique barriers to
4 homeownership including but not limited to atypical credit histories, high medical
5 and personal assistance expenses, nonstandard income sources, and physical and
6 attitudinal barriers; and

7 WHEREAS, The Homeownership for Individuals with Disabilities Program was
8 started in 1997 as a demonstration project by the Maryland Department of Housing
9 and Community Development and demonstrated phenomenal success; and

10 WHEREAS, The Homeownership for Individuals with Disabilities Program was
11 offered to qualified low-income, individuals with disabilities making less than 55
12 percent of median income, offered an interest rate of 0 to 5 percent based on
13 affordability, allowed a minimum of \$500 dollars as a down payment, and offered very
14 flexible underwriting; and

15 WHEREAS, The Homeownership for Individuals with Disabilities Program was
16 recognized by the U.S. Department of Housing and Urban Development (HUD) with
17 one of its "1999 Best Practices" awards; and

18 WHEREAS, The Homeownership for Individuals with Disabilities Program was
19 ranked in the top 25 percent of projects in the 2000 Innovations in American
20 Government Awards by the John F. Kennedy School of Government and the Council
21 for Excellence in Government; and

22 WHEREAS, Over 120 low-income individuals with disabilities have purchased
23 their first homes through the demonstration phase of the Program; and

24 WHEREAS, The demonstration program supported homeownership in priority
25 funding areas thereby contributing to the revitalization and stabilization of
26 neighborhoods; and

27 WHEREAS, People with physical, mental, and developmental disabilities in all
28 areas of Maryland have used the demonstration program; and

29 WHEREAS, The demonstration phase of the Homeownership for Individuals
30 with Disabilities Program has ended and no other public or private mortgage program
31 exists to specifically meet the needs of low-income people with disabilities; now,
32 therefore,

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

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

36 2-101.

37 (b) The Division of Development Finance includes:

- 1 (1) The Community Development Administration;
- 2 (2) The Maryland Housing Rehabilitation Program;
- 3 (3) The Rental Housing Production Program;
- 4 (4) The Maryland Home Financing Program;
- 5 (5) The Group Home Financing Program;
- 6 (6) The Elderly Rental Housing Program;
- 7 (7) The Settlement Expense Loan Program;
- 8 (8) The Partnership Rental Housing Program;
- 9 (9) The Operating Assistance Grant Demonstration Projects;
- 10 (10) Federal and State weatherization programs;
- 11 (11) The local government infrastructure program; [and]
- 12 (12) The neighborhood housing services fund; AND
- 13 (13) THE HOMEOWNERSHIP FOR INDIVIDUALS WITH DISABILITIES
- 14 PROGRAM.

15 SUBTITLE 16. HOMEOWNERSHIP FOR INDIVIDUALS WITH DISABILITIES PROGRAM.

16 2-1601.

17 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
18 INDICATED.

19 (B) "DISABILITY" MEANS, WITH RESPECT TO AN INDIVIDUAL, A PHYSICAL OR
20 MENTAL IMPAIRMENT THAT SUBSTANTIALLY LIMITS ONE OR MORE OF THE MAJOR
21 LIFE ACTIVITIES OF SUCH INDIVIDUAL AND A RECORD OF SUCH IMPAIRMENT.

22 (C) "ELIGIBLE INDIVIDUAL" MEANS AN INDIVIDUAL WITH A DISABILITY THAT
23 QUALIFIES FOR THE HOMEOWNERSHIP FOR INDIVIDUALS WITH DISABILITIES
24 PROGRAM BASED ON INCOME AND ELIGIBILITY GUIDELINES ESTABLISHED BY THE
25 SECRETARY OF THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT.

26 (D) "FIRST-TIME HOME BUYER" MEANS AN INDIVIDUAL WHO HAS NEVER
27 OWNED RESIDENTIAL REAL PROPERTY IN THE STATE.

28 (E) "FLEXIBLE INTEREST RATE" MEANS A RANGE OF PREFERRED INTEREST
29 RATES THAT THE DEPARTMENT SETS PERIODICALLY UNDER § 2-1602 OF THIS
30 SUBTITLE.

1 (F) "LOAN" MEANS A LOAN OF MONEY MADE BY THE DEPARTMENT UNDER
2 THIS SUBTITLE.

3 (G) "MEDIAN FAMILY INCOME" MEANS A FIGURE REPORTED AS THE MEDIAN
4 ANNUAL FAMILY INCOME OF THE STATE, BY THE MOST CURRENT CENSUS BUREAU
5 REPORT OF THE UNITED STATES DEPARTMENT OF COMMERCE.

6 (H) "PREFERRED INTEREST RATE" MEANS AN INTEREST RATE THAT THE
7 DEPARTMENT SETS PERIODICALLY UNDER THIS SUBTITLE.

8 (I) "PROGRAM" MEANS THE HOMEOWNERSHIP FOR INDIVIDUALS WITH
9 DISABILITIES PROGRAM.

10 2-1602.

11 (A) THERE IS A HOMEOWNERSHIP FOR INDIVIDUALS WITH DISABILITIES
12 PROGRAM.

13 (B) THE PURPOSE OF THE PROGRAM IS TO:

14 (1) MAKE FLEXIBLE INTEREST RATE LOANS FOR A FIRST-TIME HOME
15 BUYER WITH A DISABILITY TO PURCHASE OR PURCHASE AND REHABILITATE A
16 PRIMARY RESIDENCE, BASED ON THE APPLICANT'S ELIGIBILITY;

17 (2) REQUIRE MINIMUM DOWN PAYMENT AND CLOSING COSTS; AND

18 (3) USE UNDERWRITING CRITERIA THAT TAKES INTO CONSIDERATION
19 STABLE, NONTRADITIONAL SOURCES OF INCOME, SUCH AS SUPPLEMENTAL
20 SECURITY INCOME AND SOCIAL SECURITY DISABILITY INSURANCE, WHEN
21 DETERMINING ELIGIBILITY.

22 2-1603.

23 (A) THE DEPARTMENT SHALL:

24 (1) MANAGE AND SUPERVISE THE PROGRAM;

25 (2) ESTABLISH AN ADVISORY COMMITTEE FOR THE PROGRAM;

26 (3) CARRY OUT THE PROGRAM IN A MANNER THAT SERVES ALL AREAS
27 OF THE STATE;

28 (4) ADOPT POLICIES TO INSURE THAT ANY LOAN MADE UNDER THE
29 PROGRAM IS MADE ONLY TO A HOUSEHOLD THAT:

30 (I) HAS AN ADJUSTED ANNUAL INCOME AT THE TIME THE LOAN IS
31 MADE WITHIN THE APPLICABLE UPPER LIMITS DETERMINED BY THE SECRETARY IN
32 ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION;

33 (II) HAS A PRIMARY BORROWER WITH A DISABILITY; AND

1 (III) CANNOT QUALIFY FOR CONVENTIONAL OR OTHER AVAILABLE
2 DEPARTMENT FINANCING OR FINANCING THROUGH FEDERAL MORTGAGE
3 PROGRAMS TO ENABLE THE APPLICANT TO PURCHASE A HOME; AND

4 (5) ADOPT REGULATIONS TO CARRY OUT THE PROVISIONS OF THIS
5 SUBTITLE.

6 (B) (1) THE SECRETARY MAY PERIODICALLY SET UPPER LIMITS ON
7 ADJUSTED ANNUAL INCOME.

8 (2) THE SECRETARY MAY NOT SET THE UPPER LIMIT TO EXCEED 55
9 PERCENT OF THE MEDIAN FAMILY INCOME.

10 (C) THE SECRETARY SHALL:

11 (1) DETERMINE INCOME ELIGIBILITY FOR THE PROGRAM; AND

12 (2) ESTABLISH INCOME ELIGIBILITY BY BASING ELIGIBILITY FOR THE
13 PROGRAM ON THE MONTHLY AND ANNUAL INCOME TO DEBT RATIOS OF THE
14 APPLICANT.

15 2-1604.

16 (A) TO QUALIFY FOR A LOAN UNDER THIS SUBTITLE, AN APPLICANT:

17 (1) SHALL HAVE AN ADJUSTED ANNUAL INCOME AT THE TIME THE
18 LOAN IS MADE NOT TO EXCEED AN AMOUNT SET FOR THE PROGRAM UNDER §
19 2-1603(B) OF THIS SUBTITLE;

20 (2) SHALL HAVE A DISABILITY AS DEFINED UNDER § 2-1601 OF THIS
21 SUBTITLE;

22 (3) UPON THE CLOSING ON THE LOAN, SHALL INTEND TO RESIDE IN THE
23 SINGLE FAMILY HOME TO BE FINANCED;

24 (4) SHALL BE A FIRST-TIME HOME BUYER;

25 (5) MAY NOT OWN OTHER PROPERTY USED AS THE APPLICANT'S
26 PERSONAL RESIDENCE;

27 (6) UPON VACATING THE PROPERTY, MAY NOT TRANSFER THE
28 MORTGAGE TO ANY INDIVIDUAL THAT DOES NOT QUALIFY FOR THE PROGRAM; AND

29 (7) IN THE ESTIMATION OF THE PROGRAM, MAY NOT HAVE THE
30 FINANCIAL RESOURCES TO OBTAIN A PRIVATE CONVENTIONAL LOAN OR QUALIFY
31 FOR OTHER DEPARTMENTAL OR FEDERAL LOAN PROGRAMS.

32 2-1605.

33 (A) THE ADVISORY COMMITTEE SHALL CONSIST OF THE FOLLOWING
34 MEMBERS:

1 (1) A REPRESENTATIVE OF THE MARYLAND DEVELOPMENTAL
2 DISABILITIES COUNCIL;

3 (2) A REPRESENTATIVE OF THE DEVELOPMENTAL DISABILITIES
4 ADMINISTRATION;

5 (3) A REPRESENTATIVE OF THE DEPARTMENT OF HEALTH AND MENTAL
6 HYGIENE;

7 (4) A REPRESENTATIVE OF A LOCAL CENTER FOR INDEPENDENT LIVING;

8 (5) A REPRESENTATIVE OF A NONPROFIT ORGANIZATION THAT
9 ADVOCATES FOR HOUSING FOR LOW-INCOME HOUSEHOLDS;

10 (6) TWO REPRESENTATIVES WITH DISABILITIES; AND

11 (7) A REPRESENTATIVE WHO IS A PARENT OF AN INDIVIDUAL WITH A
12 DISABILITY.

13 (B) THE ADVISORY COMMITTEE SHALL PROVIDE ADVICE AND GUIDANCE TO
14 THE DEPARTMENT REGARDING THE PROGRAM'S IMPLEMENTATION, PRIORITIES, AND
15 QUALITY.

16 (C) THE ADVISORY COMMITTEE SHALL MEET AT LEAST TWICE PER YEAR.

17 (D) ON OR BEFORE DECEMBER 31 OF EACH YEAR, THE ADVISORY COMMITTEE
18 SHALL SUBMIT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE
19 GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY AN ANNUAL REPORT ON THE
20 PROGRESS OF THE PROGRAM.

21 2-1606.

22 THE GOVERNOR SHALL APPROPRIATE AT LEAST \$3 MILLION IN THE STATE
23 BUDGET TO THE PROGRAM FOR FISCAL YEAR 2002 AND EACH YEAR THEREAFTER.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 July 1, 2001.