

**Department of Legislative Services**

Maryland General Assembly

2001 Session

**FISCAL NOTE**

House Bill 1384	(Southern Maryland Delegation, Eastern Shore Delegation, Western Maryland Delegation, and Harford County Delegation)
Appropriations	Economic and Environmental Affairs

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**Department of Housing and Community Development - Existing Rural Housing  
Stock - Use of Federal Funds**

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This bill alters the definition of a growth-related project to exclude the purchase or rehabilitation of existing single or multifamily housing that is financed by the Department of Housing and Community Development (DHCD) with federal funds.

The bill takes effect July 1, 2001.

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**Fiscal Summary**

**State Effect:** The bill expands the uses for which existing funds may be used.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Chapter 759 of 1997 (SB 389) established priority funding areas (PFAs) in the State. With certain exceptions, that Act prohibits State funding for growth-related projects outside PFAs designated by each county. PFAs include: designated revitalization neighborhoods, enterprise zones, certified heritage areas, areas located between Interstate Highway 495 and the District of Columbia (inner Beltway), and areas between Interstate 695 and Baltimore City.

There are several exemptions to the definition of growth-related projects, including funding by DHCD for any project financed with revenue bonds issued by the Community Development Administration if the Secretary determines that application of the law conflicts with federal or State law applicable to the issuance or tax-exempt status of the bonds or with a trust agreement between the Community Development Administration and any trustee, or would otherwise prohibit financing of an existing project.

**Background:** DHCD advises that the bill would allow federal funds to help buy or rehabilitate single-family homes or multifamily projects in all areas of the State, particularly rural areas, rather than only in PFAs. It further advises that the bill is not likely to have a significant impact as most projects funded by the federal Community Development Block Grant and HOME Investment Partnership programs were located in PFAs prior to the enactment of SB 389 of 1997. Approximately \$13.6 million of federal aid will be available through these programs in fiscal 2002.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

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