

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE

Revised

House Bill 1106

(Delegate Shriver, *et al.*)

Appropriations

Economic and Environmental Affairs and
Budget and Taxation

**Maryland Home Financing Program - Homeownership Opportunities for
Individuals with Disabilities**

This bill directs the Department of Housing and Community Development (DHCD) to provide preferred interest rate loans to individuals with disabilities to buy, buy and rehabilitate, or refinance a primary residence under the Maryland Home Financing (MHF) program. To qualify for such a loan, at least one of the applicants must be disabled; if the disabled applicant no longer owns or occupies the property, DHCD may increase the interest rate of the loan. The bill defines disability as a physical or mental impairment that substantially limits one or more of the major life activities of an individual.

The bill authorizes DHCD to increase the interest rate of any MHF loan if there is a transfer of the mortgaged property or an assumption of the mortgage or if one of the original borrowers no longer owns or occupies the property.

To support the loans for people with disabilities, the bill requires DHCD to allocate from its annual appropriation for the MHF program an amount equal to its fiscal 2002 allocation for homeownership opportunities for individuals with disabilities for fiscal 2003 and 2004.

The bill is effective July 1, 2001. The provisions of the bill related to homeownership loans for people with disabilities will sunset after September 30, 2004.

Fiscal Summary

State Effect: The bill would be implemented with existing resources. DHCD advises that it would allocate \$2.5 million for the loan program, for each year that it is effective, from the Maryland Home Financing Program.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Maryland Home Financing Program provides preferred interest rate loans to low-income individuals and is supported by general fund appropriations and a revolving fund from prior loans under the program. The program also provides short-term construction loans to developers, emergency loans to households that cannot make mortgage payments, and reverse equity loans to elderly households of limited income.

Background: DHCD administered a pilot program in 1997 that has helped over 120 low-income individuals with mental, physical, and developmental disabilities buy a home.

The program allowed a minimum down payment of \$500 and flexible underwriting. The Office of the Attorney General advises that DHCD currently has the authority to operate the program proposed under the bill. However, the program as envisioned by the bill differs from the demonstration project and other similar housing assistance programs in several ways, including the requirement that the borrower be a first-time homebuyer, the inclusion of an advisory committee, the powers provided to the department, and the closing cost and down payment requirements. The Attorney General also notes that the bill only requires the primary borrower to be disabled and that the consequences are unclear for a non-disabled co-owner if the primary borrower no longer owns the property.

Additional Information

Prior Introductions: None.

Cross File: SB 630 (Senator Currie) – Economic and Environmental Affairs and Budget and Taxation.

Information Source(s): Office of the Attorney General, Department of Health and Mental Hygiene, Department of Legislative Services

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