

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 1179

(Delegate Rosenberg, *et al.*)

Environmental Matters

**Department of Housing and Community Development - Lead Hazard Reduction
Grant Program - Criteria for Approval**

This bill expands the purpose of the Lead Hazard Reduction Grant Program to allow grants to be disbursed for related local health and safety code compliance activities. The Department of Housing and Community Development (DHCD) would no longer have to require the owner of a home or childcare center to submit evidence that the owner lacks the financial capacity to undertake lead hazard reduction without a grant. The bill repeals DHCD's authority to require that part or all of a grant be repaid.

Fiscal Summary

State Effect: Expanding the eligibility for existing grant funds would not change total program expenditures. Potential minimal decrease in special fund revenues beginning in FY 2003.

Local Effect: Minimal or none.

Small Business Effect: Potential minimal. Small businesses that provide building repair work may benefit, as would any small nonprofit organizations or childcare centers eligible for grants as they are expanded under the bill.

Analysis

Current Law: The Lead Hazard Reduction Grant Program provides grants to low income families solely for lead abatement in residential properties of 1 to 100 units that are located in areas with a concentration of: (1) children diagnosed with elevated levels

of lead in their blood; or (2) homes that were constructed before 1950. Grants can also be used to support programs to test innovative or unproven lead reduction methods. DHCD establishes eligibility criteria that may include the extent to which the lead hazard reduction benefits families of limited income, the need and circumstances of the owner-occupant or tenants, and whether the grant funds research into innovative or unproven abatement methods. Licensed childcare facilities are also eligible.

Lead abatement expenses for which the grants can be used include paint removal, repainting, floor treatments, and door and window replacements.

Background: Local administrative agencies, such as county housing and community development agencies, administer the lead reduction grants and loans. To be eligible for a grant, the recipient must prove inability to pay for lead reduction or that the property does not have enough value to secure debt. Grants are capped at \$8,500 per recipient and require a 20% match from a for-profit sponsor or a 10% match from a nonprofit sponsor or owner-occupant whose income is 80% above median. Owner-occupants with limited incomes do not have to provide a match. The program also provides 20-year amortizing loans of up to \$15,000 and deferred loans of up to \$8,500.

DHCD advises that it plans to raise the cap for grants to \$15,000 to allow more work to be done at individual properties. Homes that are eligible for lead reduction grants often have code violations that require significantly more funds to repair.

The fiscal 2003 budget allowance for the program is \$4.1 million, which includes \$3.5 million for Baltimore City. Approximately one-quarter of the funds that were previously authorized for Baltimore City in fiscal 2001 and 2002 have been disbursed. In fiscal 2001, DHCD awarded 32 grants for 32 units in Baltimore City, and 11 loans or grants for 90 units statewide, and three federal grants for three units.

State Fiscal Effect: Special fund revenues from repayments of lead reduction loans will decline as the bill repeals DHCD's authority to require repayment from property owners. Program funds would be administered only as grants, which is the current practice for Baltimore City projects. DHCD advises that approximately \$185,000 or 30% of the lead abatement projects outside the city were financed through loans.

More owners would be eligible for funds because they would no longer have to demonstrate that they lack financial capacity to repair the home without State aid. Existing funds would be spent more rapidly but total expenditures would not change.

DHCD advises that other State programs, such as Maryland Housing Rehabilitation and Weatherization Assistance, also provide financial assistance to improve homes and bring

them up to code, but does not expect the expansion of Lead Hazard Reduction grants for code compliance activities to reduce expenditures for these programs.

Additional Comments: The bill's expansion of grants for code compliance activities may extend beyond technical repair for code violations and could allow DHCD to provide grants to nonprofit organizations for surveys, inventories, and other compliance-related programs.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of the Environment, Department of Housing and Community Development, Department of Health and Mental Hygiene, Department of Legislative Services

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