

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

Senate Bill 223 (Senator Edwards)
Education, Health, and Environmental Affairs

**Partnership Rental Housing Program - Ownership of Rental Housing - Certified
Housing Development Organizations**

This bill enables Certified Development Housing Organizations to qualify for financial and other assistance through the Partnership Rental Housing Program within the Department of Housing and Community Development.

Fiscal Summary

State Effect: None. The bill would expand the applicants eligible for PRHP funds but does not increase the level of current funding for the program.

Local Effect: Minimal. Expanding the program's eligibility to new entities without providing for additional funding could potentially reduce the availability of funding for local governments to finance rental housing projects.

Small Business Effect: None.

Analysis

Current Law: The Partnership Rental Housing Program was established in 1990 to ensure that lower income households have access to decent, safe, and sanitary rental housing with financially self-sufficient ownership.

PRHP provides financial assistance to local governments, housing authorities, and private-sector entities to acquire, construct, reconstruct, renovate, or rehabilitate rental housing that is affordable to lower income households. PRHP seeks to stimulate the development and ownership of low-income rental housing by local governments, housing authorities, and, in certain circumstances, private-sector profit or nonprofit entities. PRHP encourages households of lower income to contribute to the operation and maintenance of the rental housing community.

Background: According to the U.S. Census Bureau, approximately 33% of Maryland households paid more than 30% of their income in rent. Additionally, quality affordable rental units are increasingly becoming scarce throughout the State.

According to census data from 2000, affordable rental housing for individuals making less than 30% of the median area income (extremely low-income individuals) is extremely short supply nationwide, including in Maryland; 70% of extremely low-income households in Maryland pay more than 30% of their annual income for rent, 53.8% pay more than 50%.

PRHP was created in 1990 to encourage local governments and housing authorities to develop, own, and manage affordable rental housing. Chapter 117 of 2006 modified PRHP to provide financing not only for local governments but also for private-sector developers that construct, acquire, or renovate housing units occupied by households that include one or more individuals with disabilities or special needs. The program provides funding for the cost of development. No repayment is required as long as the project continues to meet program requirements. DHCD advises that it has other programs that are targeted at households that make 50% or more than the State median income; PRHP is targeted at households with even lower incomes.

PRHP has funded 67 projects since 1990, with an average of nearly 4 projects funded per year. The average cost of a project since 2000 is \$7.2 million, and the average PRHP loan is \$2.8 million per project. The average project contains 42 housing units. PRHP is the only program in the DHCD capital budget with an increase in allocated funds for fiscal 2008. The fiscal 2009 State budget includes \$6 million in general obligation bonds for this program.

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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mcp/hlb

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