

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 309

(Chair, Environmental Matters Committee)(By Request –
Departmental – Housing and Community Development)

Environmental Matters

Education, Health, and Environmental Affairs

**Department of Housing and Community Development - Disaster Relief Housing
Program**

This departmental bill establishes a new program within the Department of Housing and Community Development to provide financial assistance for the rehabilitation or replacement of a primary residence damaged or destroyed by a natural disaster.

Fiscal Summary

State Effect: Potential significant increase in expenditures in the event that the State is affected by a disaster. DHCD advises that until a disaster is declared, programmatic requirements could be handled with existing resources.

Local Effect: None.

Small Business Effect: DHCD has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Bill Summary: The bill establishes the Disaster Relief Housing Program within DHCD for the purpose of providing financial assistance to rehabilitate or replace primary residences damaged or destroyed in a State or federally declared disaster area. Funding may be distributed to an affected family or to a nonprofit entity assisting affected families.

DHCD is granted broad authority to administer the program through any form of financial assistance permitted by Division I of the Housing and Community Development Article, including a temporary loan buy-down program. DHCD may fund the program from any source available to it.

The Secretary of Housing and Community Development must adopt regulations, guidelines, and eligibility requirements for implementing the program.

DHCD must issue reports to the General Assembly upon utilizing the program to include information on the amount and type of assistance provided, the counties receiving the assistance, and the names of any financial institutions that provided assistance under the program. A preliminary report is due 6 months after the program is utilized for a disaster and a final report is due within 18 months.

Current Law: Although DHCD implements several programs to assist households facing emergency needs, there are currently no programs dedicated to disaster relief. Maryland offers nondisaster-related housing rehabilitation assistance through the Maryland Housing Rehabilitation Program. The purpose of this program is to provide financing for the acquisition and rehabilitation of single-home or multifamily rental residential buildings in order to preserve the supply of housing with existing federal, State, or local affordability requirements.

The Federal Emergency Management Agency offers individual assistance cash grants for home repair, rental assistance, and other housing needs.

Background: In response to the housing problems created by Hurricane Isabel, the General Assembly approved emergency legislation (Chapter 8) at the 2004 session that established the Hurricane Isabel Housing Rehabilitation and Renovation Program. This program allowed DHCD to issue loans and provide credit enhancement or interest rate buy downs to qualified borrowers. However, the program terminated on May 31, 2005. DHCD advises that it would be prudent to have a similar but ongoing program in place to quickly and efficiently assist homeowners in repairing or replacing their primary residences through below market or zero percent interest rate financing.

State Expenditures: DHCD advises that operating expenses associated with implementing this program could be handled with existing resources. Any capital funding necessary in the event of a declared disaster would be satisfied through new appropriations allocated during the emergency or by redirecting resources within DHCD as authorized by the bill.

When the State created the Hurricane Isabel Housing Rehabilitation and Renovation Program, it allocated \$3.0 million in new funds to the program and directed DHCD to redirect an additional \$3.1 million from other programs. Thus, should Maryland be afflicted by a disaster of a similar magnitude to Hurricane Isabel, it could be expected that the Disaster Relief Housing Program would require about \$6.1 million in funding.

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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mll/hlb

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