

**Department of Legislative Services**  
Maryland General Assembly  
2012 Session

**FISCAL AND POLICY NOTE**

House Bill 271

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

Environmental Matters

Education, Health, and Environmental Affairs

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

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This departmental bill clarifies that the purpose of the Department of Housing and Community Development's (DHCD) Disaster Relief Housing Program is to provide specified financial assistance in an area covered by a state of emergency declared under Article 14 of the Public Safety Article. The bill also authorizes the department to continue to provide specified financial assistance in an area covered by a state of emergency after the expiration of the state of emergency.

The bill takes effect June 1, 2012.

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**Fiscal Summary**

**State Effect:** State expenditures (all funds) may increase significantly in the event of a state of emergency due to the extension of the time period in which DHCD may provide specified financial assistance under the Disaster Relief Housing Program. State revenues are not affected.

**Local Effect:** The bill does not directly affect local governmental operations or finances.

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

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## Analysis

**Current Law/Background:** Under the Maryland Emergency Management Agency Act, if the Governor finds that an emergency has developed or is impending due to any cause, the Governor must declare a state of emergency by executive order or proclamation. The state of emergency continues until the Governor (1) finds that the threat or danger has passed or the emergency has been dealt with to the extent that emergency conditions no longer exist; and (2) terminates the state of emergency by executive order or proclamation. A state of emergency may not continue for longer than 30 days unless renewed by the Governor. The General Assembly by joint resolution may terminate a state of emergency at any time.

In response to Hurricane Isabel, the General Assembly approved emergency legislation (Chapters 7 and 8) during 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 to rehabilitate and renovate their homes. The program terminated on May 31, 2005. The fiscal 2005 State budget allocated \$3 million to support the program and directed DHCD to use \$3.1 million of its other appropriations for the program.

Chapter 66 of 2008 created the Disaster Relief Housing Program to provide financial assistance in a State or federally declared disaster area to rehabilitate or replace a primary residence damaged or destroyed by a natural disaster. 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.

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.

DHCD advises that the need for this legislation was identified through an assessment of the State's emergency management procedures after Hurricane Irene. Both DHCD and the Maryland Emergency Management Agency found that the current statute is too vague as to when the Disaster Relief Housing Program may be authorized.

**State Fiscal Effect:** Because states of emergency cannot be predicted, the amount of any increase in State expenditures cannot be estimated. However, if a disaster occurs, under the bill, DHCD could continue to provide financial assistance after the expiration of a

state of emergency. Thus, there may be a significant increase in State expenditures depending on the severity of the disaster and the length of time needed for rehabilitation.

The Disaster Relief Housing Program has not been required since its creation, including after Hurricane Irene or Tropical Storm Lee in 2011. However, as noted above, DHCD was allocated \$3 million in the fiscal 2005 State budget and directed to use another \$3.1 million of its other appropriations to fund its response to Hurricane Isabel. Thus, should Maryland be affected by a disaster of a similar magnitude to Hurricane Isabel, it could be expected that the extension of the Disaster Relief Housing Program beyond the expiration of the state of emergency could require substantial funds.

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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

**Fiscal Note History:** First Reader - February 14, 2012  
ncs/lgc

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## ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Housing and Community Development – Disaster Relief Housing Program

BILL NUMBER: HB 271

PREPARED BY: Department of Housing and Community Development

### PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

### PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.