

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1219 (Delegate Grammer)
Environment and Transportation

**Department of Housing and Community Development - Claims Regarding
Neighborhood Blight**

This bill authorizes the Department of Housing and Community Development's (DHCD) Division of Neighborhood Revitalization to enforce compliance with State and local building codes and nuisance laws, as specified, for the purpose of reducing or eliminating conditions that contribute to neighborhood blight.

Fiscal Summary

State Effect: General fund expenditures increase, likely significantly, as discussed below. General fund revenues may increase to the extent that DHCD imposes civil penalties as authorized by the bill.

Local Effect: The bill is not anticipated to materially affect the caseload of the circuit courts. Local revenues are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill authorizes a person to file a written claim with DHCD alleging that (1) the condition of a property is contributing to neighborhood blight; (2) the property owner has been found to be in violation of an applicable building code or nuisance law two or more times in the previous year; and (3) the property owner has failed to ameliorate the condition. The claim must be submitted on an appropriate form and must contain information and supporting documents as required by DHCD.

DHCD must investigate and issue a decision on the claim within 180 days; if DHCD determines that the claim is valid, then it may impose a civil penalty of up to \$50,000 on the property owner, suspend or revoke any State-issued business license, or both.

A person aggrieved by the decision may petition for judicial review with the appropriate circuit court within 30 days after the decision is issued.

DHCD is authorized to adopt regulations to implement the bill.

Current Law/Background: The Division of Neighborhood Revitalization within DHCD administers commercial and mixed-use revitalization programs to encourage physical and organizational improvements to business areas. To carry out commercial and mixed-use revitalization programs, the division must administer State and federal grants and loans and other financial assistance to:

- political subdivisions, local public agencies, nonprofit organizations, neighborhood or community organizations, or private parties; or
- corporations or foundations whose net earnings are invested to foster, encourage, help, or carry out community assistance activities, projects, or programs.

State Fiscal Effect: As enforcement of building codes and nuisance laws is primarily a local responsibility and because DHCD currently has no enforcement or investigative responsibilities, DHCD advises that implementing the bill likely requires several new staff to oversee the bill's requirements. The exact impact to DHCD cannot be reliably estimated at this time because DHCD does not know how many complaints it will receive. However, the department advises that costs could be significant and require at least an administrator, an attorney, and several investigators and enforcement officers.

Although the bill authorizes DHCD to impose a civil penalty of up to \$50,000, the impact on State revenues depends on how frequently DHCD imposes a penalty and the amount of any penalties imposed. The impact to the general fund is not anticipated to be significant, however. Assuming increased compliance by property owners following initial enforcement, any revenue increase likely diminishes over time.

Additional Comments: The Department of Legislative Services notes that DHCD does not issue business licenses and, therefore, lacks any authority to revoke them, as specified by the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Charles and Montgomery counties; cities of Frederick and Havre de Grace; Judiciary (Administrative Office of the Courts); Department of Housing and Community Development; Department of Legislative Services

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nb/mcr

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