

**Department of Legislative Services**  
 Maryland General Assembly  
 2021 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 117 (Senator Sydnor)  
 Education, Health, and Environmental Affairs

**Workgroup on Minority Homeownership, Neighborhood Revitalization, and Household Wealth Equity**

This bill establishes the Workgroup on Minority Homeownership, Neighborhood Revitalization, and Household Wealth Equity. The Department of Housing and Community Development (DHCD) must provide staff for the workgroup. Workgroup members may not receive compensation but are entitled to reimbursement for expenses under the State travel regulations, as provided in the State budget. By December 1, 2021, the workgroup must report its findings and recommendations to the Governor and the General Assembly. **The bill takes effect July 1, 2021, and terminates June 30, 2022.**

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$25,000 in FY 2022 only for a consultant to support the workgroup. Expense reimbursements are assumed to be minimal and absorbable within existing budgeted resources. Revenues are not affected.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	25,000	0	0	0	0
Net Effect	(\$25,000)	\$0	\$0	\$0	\$0

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** The bill does not materially affect local government operations or finances.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** The workgroup must:

- assess the availability of unoccupied housing stock in the State, by location and cost, excluding rental housing;
- assess the rates of homeownership in the State, by location, racial group, and socioeconomic status;
- study the barriers to homeownership for low- and moderate-income households, including the need for credit and housing counseling services and the rising cost of housing;
- review the mortgage application process and study the rates of denials by racial group and socioeconomic status;
- study the process for assessing the value of residential real property in the State, including a comparison of the average assessed value of property to the market value for the property by location, and analyze the impact on homeowners when the assessed and market value for properties are significantly different;
- review the processes for tax sales and foreclosures and study the impact on low-income homeowners and people of color;
- study the impact of homeownership on neighborhood revitalization and the building of generational wealth;
- review the use and marketing of private and government-sponsored housing, lending, and community revitalization programs, including those currently operated by DHCD, with an emphasis on participation rates by communities of color;
- review federal, State, and local legislation, as specified; and
- make recommendations to promote homeownership and create wealth-building opportunities for minority households and promote community revitalization through targeted investments in homeownership.

**Current Law:** The mission of DHCD is to work with partners to finance housing opportunities and revitalize great places for Maryland citizens to live, work, and prosper. The department's programs are administered through three operating divisions: the Division of Development Finance, which includes the Community Development Administration (CDA); the Division of Neighborhood Revitalization; and the Division of Credit Assurance, which includes the Maryland Housing Fund's mortgage insurance activities. CDA issues nonbudgeted tax-exempt and taxable bonds and mortgage-backed securities that are a major source of DHCD revenues.

Among other responsibilities, CDA administers the Maryland Mortgage Program (MMP), which provides below-market, fixed-rate mortgages through private lending institutions to low- and moderate-income households. Program participants must complete homebuyer

education prior to closing on a loan. In addition, the Down Payment and Settlement Expense Loan Program, a supplementary program to MMP, provides financing for down payment and settlement expenses to enable eligible homebuyers to purchase homes.

The Housing Counseling and Foreclosure Mediation Fund supports a number of services related to home purchases and foreclosure activities, including supporting nonprofit and government housing counselors and other nonprofit entities that provide (1) legal assistance to homeowners or occupants who are trying to avoid foreclosure or manage foreclosure proceedings and (2) homebuyer education, housing advice, or financial counseling for homeowners, prospective homeowners, and low- and moderate-income households.

**State Expenditures:** DHCD advises that it needs additional support to assist the workgroup with collecting data, conducting research, and producing the final report. As the workgroup's activities require the collection and analysis of complex data, the Department of Legislative Services concurs. Therefore, general fund expenditures for DHCD increase by \$25,000 in fiscal 2022 to hire a consultant to provide expert technical support for the workgroup. DHCD may also need to redirect staff from other priorities to assist with the workgroup, but can do so using existing budgeted resources.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** HB 58 (Delegate Lierman) - Environment and Transportation and Economic Matters.

**Information Source(s):** Department of Housing and Community Development; Department of Legislative Services

**Fiscal Note History:** First Reader - February 7, 2021  
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Analysis by: Thomas S. Elder

Direct Inquiries to:

(410) 946-5510

(301) 970-5510