

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 81
(Delegate Amprey)
Environment and Transportation

**Community Development Administration - Live Near Where You Teach
Program - Establishment**

This bill authorizes the Community Development Administration (CDA) within the Department of Housing and Community Development (DHCD) to administer the Live Near Where You Teach Program (LNWYT) and a related home buyer assistance program. The home buyer assistance program is authorized to assist teachers, as defined by the bill, in receiving low-interest mortgage loans to purchase homes near where the teacher is employed. In addition, LNWYT is authorized to administer community development projects that provide grants to teachers in sustainable communities to buy homes near where the teacher is employed. **The bill terminates September 30, 2025.**

Fiscal Summary

State Effect: The bill's requirements can be handled with existing budgeted resources, as discussed below.

Local Effect: Local expenditures increase only to the extent that local governments choose to provide matching financial assistance, as contemplated by the bill. Local revenues are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary: "Teacher" means an individual who (1) has a Maryland professional teacher's certificate and (2) teaches or serves as an administrator or paraprofessional in a public elementary or secondary school in the State on a full-time basis.

Home Buyer Assistance Program

CDA may administer a home buyer assistance program that (1) assists teachers to receive low-interest mortgage loans, with down payment and closing cost assistance options, for the purchase of homes near where the teacher is employed; (2) coordinates with, and matches where appropriate, similar programs offered by private employers and county and municipal governments to maximize the total amount that teachers can receive under the program; and (3) utilizes available funding sources.

CDA may (1) allow home buyers to utilize the loans for the purchase of newly constructed or existing homes; (2) require a home purchased under the program to be occupied by the home buyer as a principal residence; and (3) utilize available funding sources.

CDA may facilitate the marketing of the program with specified entities, as specified, and must adopt regulations to carry out the bill's provisions relating to this program. Annually, by December 31 each year, DHCD must report to the General Assembly on the program.

Live Near Where You Teach Program – Community Development Projects

Under LNWYT, CDA may administer community development projects that (1) are in sustainable communities and (2) provide teachers with financial assistance in the form of grants to buy homes near where the teacher is employed.

A community development project administered under these provisions is not subject to existing requirements that part of the housing be occupied by families of limited income. CDA must adopt regulations to implement LNWYT.

Current Law:

Live Near Your Work Program

CDA must administer the Live Near Your Work home buyer assistance program that (1) assists home buyers to receive low-interest mortgage loans, with down payment and closing cost assistance options, for the purchase of homes near their workplace and (2) coordinate with, and match where appropriate, similar programs offered by private employers and county and municipal governments so as to maximize the total amount that home buyers can receive under the program. CDA must (1) allow home buyers to use the loans for the purchase of newly constructed or existing homes and (2) require a home purchased under the program to be occupied by the home buyer as a principal residence.

In addition, CDA must facilitate the marketing of the program with private employers, county and municipal governments, and, where appropriate, other units of State

government and nonprofit organizations. CDA must also adopt regulations to implement the program.

Live Near Your Work Program – Community Development Projects

CDA must administer community development projects that (1) are in sustainable communities and (2) provide employees with financial assistance in the form of grants to buy homes near their workplaces. A community development project administered pursuant to these provisions is not subject to specified provisions that require that part of the housing be occupied by families of limited income.

Community Development Projects – Generally

A project qualifies as a community development project if it meets specified housing, infrastructure, and facilities requirements that promote sound community development. A project qualifies as a public purpose project if it is undertaken with the financial assistance of CDA or the assistance of federal low-income housing credits authorized by the Internal Revenue Code and is (1) eligible wholly or partly for federal low-income housing credits or (2) in a location designated as a distressed area by the Secretary of Housing and Community Development. A project qualifies as a rental housing project if (1) its purpose is to acquire, construct, or rehabilitate real property or all or part of a building or improvement that will be occupied by households of limited income and (2) a portion of the rental units in the project are set aside for households of lower income for the greater of 15 years or the number of years required by federal law.

A community development project may include specified public or private facilities that are not needed to support housing if they are less than a substantial part of the project or if the Secretary of Housing and Community Development finds that they will promote sound community development.

Live Near Your School Program

Chapter 247 of 2021 authorized CDA to administer the Live Near Your School (LNYS) program and a related home buyer assistance program. The home buyer assistance program is authorized to assist current students and recent graduates in receiving low-interest loans to purchase homes near the public institution of higher education attended by the individual. LNYS is authorized to administer community development projects that provide current students and recent graduates with grants to buy homes in sustainable communities that are near the school attended by the student or graduate. The program terminates September 30, 2024.

Maryland Mortgage Program

The Maryland Mortgage Program (MMP), administered by CDA, provides below-market, fixed-rate mortgages through private lending institutions to low- and moderate-income households. The program is financed through the sale of mortgage revenue bonds, targeted to first-time homebuyers, and includes eligibility limits on both household income and the cost of the home. MMP has annual income requirements limiting who can apply for a loan through the program. Income requirements vary by location and whether the home is in a “targeted area.”

House Keys 4 Employees, a program within MMP, offers qualified homebuyers up to \$2,500 in additional down payment and closing cost assistance in the form of a no-interest deferred loan. To qualify for the program, homebuyers must be employed by a participating program partner and meet specified criteria established by the partner.

Sustainable Communities

A sustainable community is defined as a part of a priority funding area that (1) is designated by the Smart Growth Subcabinet on the recommendation of the Secretary of Housing and Community Development; (2) has been designated as a Base Realignment and Closure Revitalization Incentive Zone; or (3) has been designated a transit-oriented development.

Chapter 759 of 1997 established that State spending on certain growth-related activities must be directed to priority funding areas. Growth-related projects include most State programs that encourage or support growth and development such as highways, sewer and water construction, economic development assistance, and State leases or construction of new office facilities. Priority funding areas include all municipalities that existed in the State in 1997; areas inside the Washington Beltway and the Baltimore Beltway; and areas designated as enterprise zones, neighborhood revitalization areas, heritage areas, and certain industrial areas. Areas that were annexed by a municipality after 1997 may also be designated priority funding areas, as long as the areas satisfy specified requirements in statute generally related to density, water and sewer access, and other related factors.

State Fiscal Effect: DHCD advises that LNWYT is substantially similar to the existing House Keys 4 Employees Program. DHCD notes that, among other organizations, schools and school systems are eligible participating employers and that current partner employers include the following public school systems: Baltimore City Public Schools, Calvert County Public Schools, and Charles County Public Schools. Because the program contemplated by the bill is nearly identical to one that DHCD already administers, DHCD can implement the bill with existing budgeted resources.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Baltimore, Charles, Frederick, Montgomery, and Somerset counties; City of Havre de Grace; Maryland State Department of Education; Department of Housing and Community Development; Department of Legislative Services

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