

Department of Legislative Services  
 Maryland General Assembly  
 2022 Session

FISCAL AND POLICY NOTE  
 First Reader

House Bill 1077 (Delegate Charles, *et al.*)  
 Environment and Transportation

Department of Housing and Community Development - Racial Equity Impact  
 Assessment

This bill requires the Department of Housing and Community Development (DHCD), by December 31, 2023, and annually thereafter, to complete a racial equity impact assessment. The assessment must evaluate (1) the impact of financial assistance administered by DHCD on racial minorities and (2) whether the financial assistance administered by DHCD is equitably invested in the communities with the largest need and those with the largest population of economically marginalized peoples.

Fiscal Summary

**State Effect:** General fund expenditures increase by \$200,000 in FY 2023. General fund expenditures increase by an indeterminate amount in future years, as discussed below. Revenues are not affected.

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	200,000	-	-	-	-
Net Effect	(\$200,000)	(-)	(-)	(-)	(-)

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

**Local Effect:** The bill is not anticipated to materially affect local government operations or finances.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** “Racial minority” means (1) Black or African American; (2) Hispanic or Latino; (3) American Indian or Alaska Native; (4) Asian; or (5) Native Hawaiian or Pacific Islander.

In creating a racial equity impact assessment, DHCD must engage with independent experts to develop a rigorous assessment rubric that takes into account prevailing evidence on the efficacy of indicators in generating a fair, unbiased, and balanced assessment of the impact of financial assistance on racial minorities. DHCD must also make the assessment available to the public.

### **Current Law:**

#### *Appraisal Gap from Historic Redlining Financial Assistance Program*

Chapters 702 and 703 of 2021 established the Appraisal Gap from Historic Redlining Financial Assistance Program within DHCD. The purpose of the program is to provide financial assistance to affordable housing developers working in low-income census tracts to help close appraisal gaps that occur in historically redlined neighborhoods. Chapters 702 and 703 require DHCD to conduct a study, aggregated by race, zip codes, and census tracts, of housing values, appraisals, and refinancing rates across the State over the past 30 years, including the impact of State and federal policies, such as infrastructure (road, park, and water and sewer) and other investments, on those communities. DHCD must submit the findings of the study to the Governor and the General Assembly by June 30, 2022.

#### *Affirmatively Furthering Fair Housing*

Chapters 751 and 752 of 2021 require DHCD to (1) administer its programs and activities related to housing and community development to affirmatively further fair housing and (2) explore ways to ensure it is collaborating with and supporting nonprofit and governmental entities devoted to furthering fair housing. By December 1, 2023, and by December 1 every five years thereafter, DHCD, in consultation with political subdivisions and housing authorities, must submit a report to the Governor and the General Assembly on (1) the efforts by the State, political subdivisions, and housing authorities to promote fair housing choice and racial and economic housing integration, and the results of those efforts, delineated by county and (2) any assessment of fair housing completed since the most recent report, as specified, including any assessment of fair housing completed or revised under the federal U.S. Department of Housing and Urban Development’s most recently published Affirmatively Furthering Fair Housing Rule. The report must provide an update on the actions being taken by local jurisdictions to affirmatively further fair housing. DHCD must work in partnership with each local jurisdiction to jointly develop

and complete a template to capture data in the jurisdiction related to affirmatively furthering fair housing.

**State Expenditures:** DHCD advises that the racial equity impact statement requires an extensive collection of data from varied sources to which it currently does not have access. DHCD further advises that for similar studies (such as the [Maryland Housing Needs Assessment & 10-Year Strategic Plan](#) and the study required by Chapters 702 and 703), the department contracted outside sources at a cost of approximately \$200,000 each. DHCD anticipates additional costs in future years for subsequent assessments but is unable to estimate those costs without first completing the initial assessment. Therefore, general fund expenditures increase by \$200,000 in fiscal 2023 for DHCD to conduct the initial racial equity impact assessment, and general funds increase in future years by an indeterminate amount, likely less than \$200,000 annually, for the subsequent assessments.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

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

**Fiscal Note History:** First Reader - February 27, 2022  
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