

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 608
(Delegates Jalisi and Patterson)
Environment and Transportation

Housing and Community Development - Shelter and Transitional Housing Facilities Grant Program - Mandated Funding

This bill increases, beginning in fiscal 2024, the mandated appropriation the Governor must include in the annual budget bill or capital budget bill for the Shelter and Transitional Facilities Grant Program, from \$3.0 to \$5.0 million. **The bill takes effect July 1, 2022.**

Fiscal Summary

State Effect: No effect in FY 2023. Pay-as-you-go (PAYGO) general fund expenditures increase by \$2.0 million annually beginning in FY 2024 due to the increased mandated appropriation. Revenues are not affected. **This bill increases an existing mandated appropriation beginning in FY 2024.**

(\$ in millions)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	\$0	\$0	\$0	\$0	\$0
PAYGO GF exp	0	2.0	2.0	2.0	2.0
Net Effect	\$0.0	(\$2.0)	(\$2.0)	(\$2.0)	(\$2.0)

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

Local Effect: Local governments benefit to the extent they receive additional grant funding for specified projects.

Small Business Effect: Potential meaningful.

Analysis

Current Law: The Shelter and Transitional Housing Facilities Grant Program within the Department of Housing and Community Development (DHCD) provides capital financing

for local governments and nonprofit organizations to develop shelter, transitional, or other housing facilities for homeless individuals and families. Grantees use the funds to acquire, design, construct, renovate, and equip projects for which loan financing is not feasible. Funding is generally limited to 50% of a project's cost.

Eligible projects include apartments, condominiums, townhouses, single-family detached homes, single-room occupancy facilities, and group or shared housing that provide housing for homeless households and support services. A project may include uses other than housing for the homeless, such as traditional rental housing or nonresidential uses; however, program funds are only provided to the extent allowed for those units identified as transitional housing units and the necessary space and facilities required to operate the program-assisted units. Projects involving new construction or substantial rehabilitation are subject to a thorough review by DHCD. All financing offered under the program is in the form of grants. Sponsors must sign, upon approval of the project, a financing and regulatory agreement acknowledging that all of the housing units financed with the capital assistance will be occupied by homeless households for at least 15 years.

Chapters 698 and 699 of 2016 required the Governor to include an annual appropriation, beginning in fiscal 2018, of at least \$3.0 million for the Shelter and Transitional Housing Facilities Grant Program.

State Fiscal Effect: The Governor's proposed fiscal 2023 capital budget includes \$3.0 million in general obligation (GO) bonds for the program and projects ongoing GO bonds through fiscal 2027, as mandated in current law. However, as the General Assembly cannot mandate appropriations in the capital budget, this analysis assumes that PAYGO general funds are used to meet the bill's additional funding requirement. Therefore, PAYGO general fund expenditures increase by \$2.0 million annually beginning in fiscal 2024.

DHCD can continue to administer the program with existing staff.

Local Fiscal Effect: Because local governments are eligible to apply for grants under the program, they could obtain additional funding as a result of the bill's increased mandated appropriation. However, local entities must apply for funds in the same way as other applicants, and also must be able to provide 50% matching funds for any proposed project in their jurisdictions.

Small Business Effect: Small businesses involved in acquiring, designing, or renovating facilities used as emergency shelters and transitional housing for homeless individuals and families could obtain additional funding as a result of the bill's increased mandated appropriation. However, because DHCD generally limits funding to a maximum of 50% of

a project's cost, small businesses receiving additional funding must provide matching funds.

Additional Information

Prior Introductions: HB 1369 of 2021 was referred to the House Rules and Executive Nominations Committee, but no further action was taken. HB 1641 of 2020 was referred to the House Rules and Executive Nominations Committee, but no further action was taken.

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 11, 2022
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Analysis by: Thomas S. Elder

Direct Inquiries to:
(410) 946-5510
(301) 970-5510