

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 500 (Delegate Henson)
 Appropriations

Community Development Administration - Home Improvement Projects - Mandated Appropriation (Maintenance Support for Affordable Housing Act of 2023)

This bill requires the Governor, beginning in fiscal 2025, to include in the annual budget bill an appropriation of \$1.5 million to the Community Development Administration (CDA) within the Department of Housing and Community Development (DHCD) for home improvement projects, including projects to address deferred maintenance. By December 1, 2025, and annually thereafter, CDA must report to the Governor and the General Assembly on the projects funded under the bill.

Fiscal Summary

State Effect: No effect in FY 2024. General fund expenditures increase by \$1.5 million annually beginning in FY 2025 due to the mandated appropriation. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2025.**

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	1,500,000	1,500,000	1,500,000	1,500,000
Net Effect	\$0	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)

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

Local Effect: Local expenditures and revenues increase to the extent local governments or public housing authorities apply for and receive funds.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: Funds appropriated under the bill must be administered by CDA in the same manner as financing adjustment factor (FAF) funds granted to the State under the Stewart B. McKinney Homeless Assistance Amendments Act of 1988, as amended, that are used to support home improvement projects.

Money expended under the bill is supplemental to and is not intended to take the place of funding that otherwise would be appropriated in the annual State operating or capital budget bill to CDA for activities related to home improvement projects.

Current Law: Generally, CDA uses FAF funds granted to the State under the Stewart B. McKinney Homeless Assistance Amendments Act of 1988, as amended, to provide financial assistance to individuals, local governments, developers, and nonprofit organizations to provide decent, safe, and sanitary housing affordable to very low-income families or persons. FAF funds are realized from the refunding of CDA's tax-exempt bonds secured by mortgages on projects that receive assistance from U.S. Department of Housing and Urban Development under the federal Section 8 program. Among other things, FAF funds may be used for activities specified under federal Section 8, including home repairs. In addition, FAF funds may be used for assisting in the acquisition, construction, and rehabilitation of housing for homeless persons, very low-income households, or persons at risk of becoming homeless, and other special needs populations consisting of very low-income households.

State Fiscal Effect: General fund expenditures increase by \$1.5 million annually beginning in fiscal 2025 due to the bill's mandated appropriation. DHCD advises it can handle disbursing the additional funding for eligible home improvement projects and submit the required report with existing staff. DHCD also advises that though FAF funds may be awarded to local jurisdictions as loans, it anticipates awarding the funds solely as grants. Therefore, it is assumed that State revenues are not affected.

Small Business Effect: Small businesses involved in allowable home repair activities may benefit from an increase in the demand for their services.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Maryland Association of Counties; Maryland Municipal League; Department of Budget and Management; Department of Housing and Community Development; Department of Legislative Services

Fiscal Note History: First Reader - March 3, 2023
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