

Chapter 134

**(Senate Bill 445)**

AN ACT concerning

**Appraisal Gap From Historic Redlining Financial Assistance Program –  
Alterations**

FOR the purpose of expanding the forms of financial assistance available under the Appraisal Gap From Historic Redlining Financial Assistance Program; altering eligibility requirements for projects that may receive financial assistance under the Program; altering the time period when applications may be submitted under the Program; repealing certain restrictions on the amount of financial assistance that may be provided under the Program; altering the processes for applications to the Program and the distribution of financial assistance; and generally relating to the Appraisal Gap From Historic Redlining Financial Assistance Program.

BY repealing and reenacting, with amendments,  
Article – Housing and Community Development  
Section 4–2801 through 4–2804  
Annotated Code of Maryland  
(2019 Replacement Volume and 2022 Supplement)

BY repealing and reenacting, without amendments,  
Article – Housing and Community Development  
Section 4–2806  
Annotated Code of Maryland  
(2019 Replacement Volume and 2022 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

**Article – Housing and Community Development**

4–2801.

(a) In this subtitle the following words have the meanings indicated.

(b) “Affordable” means that monthly housing costs [do not exceed 30% of a household’s income, where the household’s income does not exceed 80% of the statewide median income for a household of like size] **ARE AFFORDABLE TO A FAMILY OF LIMITED INCOME AS DETERMINED UNDER § 4–212 OF THIS TITLE.**

(c) “Appraisal gap” means the amount by which the total cost of eligible construction expenses exceeds the contract sales price of a qualified property when it is initially sold to an owner–occupant.

(d) (1) “Eligible construction expenses” means any amount that is expended on the construction or substantial rehabilitation of a qualified property.

(2) “Eligible construction expenses” includes any amount expended on:

- (i) acquisition costs;
- (ii) roof repair and replacement;
- (iii) chimney repair and lining;
- (iv) internal and external doors;
- (v) windows;
- (vi) masonry;
- (vii) floor joists;
- (viii) finished flooring;
- (ix) framing;
- (x) structural repairs;
- (xi) foundation repairs;
- (xii) plumbing, electrical, and mechanical systems;
- (xiii) architectural and engineering consulting fees;
- (xiv) tools and equipment rental; [and]
- (xv) new construction;

**(XVI) INFRASTRUCTURE; AND**

**(XVII) OTHER EXPENSES AS DETERMINED BY THE SECRETARY.**

(e) “Financial assistance” [does not include:

(1) loans; or

(2) other instruments that would create debt through property liens on qualified property under this subtitle] **INCLUDES:**

- (1) A GRANT;**
- (2) A LOAN;**
- (3) A REDUCTION IN THE PRINCIPAL OBLIGATION OF OR RATE OF INTEREST PAYABLE ON A LOAN OR PORTION OF A LOAN;**
- (4) A PREPAYMENT OF INTEREST ON A SUBORDINATE OR SUPERIOR LOAN OR PORTION OF A LOAN;**
- (5) AN ASSURANCE;**
- (6) A GUARANTEE; AND**
- (7) ANY OTHER FORM OF CREDIT ENHANCEMENT.**

(f) “Fund” means the Appraisal Gap From Historic Redlining Financial Assistance Fund established under this subtitle.

(g) “Qualified project” means the construction or substantial rehabilitation of a qualified property if the eligible construction expenses do not exceed \$500,000.

(h) “Qualified property” means residential real property that is:

(1) newly constructed or a formerly vacant structure that has been substantially rehabilitated;

(2) located in:

(i) a low-income census tract as defined by the U.S. Department of Housing and Urban Development; and

(ii) an area designated as a sustainable community [under § 6-205 of this article]; and

(3) constructed or rehabilitated with the purpose of being sold to an owner-occupant at an affordable sales price.

**(I) “SUSTAINABLE COMMUNITY” MEANS AN AREA DESIGNATED AS A SUSTAINABLE COMMUNITY UNDER § 6-205 OF THIS ARTICLE.**

4–2802.

(a) There is an Appraisal Gap From Historic Redlining Financial Assistance Program in the Department.

(b) The purpose of the Program is to make financial assistance available to affordable housing developers working in low-income census tracts **AND SUSTAINABLE COMMUNITIES** in order to help close appraisal gaps that occur in historically redlined neighborhoods.

4–2803.

(a) In the fiscal year in which a qualified project is [completed] **PROPOSED**, an individual or business entity may apply to the Department for financial assistance to cover the appraisal gap for the project in accordance with this section.

(b) [The amount of the financial assistance provided under subsection (a) of this section shall not exceed 35% of the lesser of:

(1) the total cost of eligible construction expenses; or

(2) 80% of the national median sale price for new homes on the date of sale, as determined by the most recent census data available] **THE DEPARTMENT SHALL DEVELOP BY REGULATION AN APPLICATION FORM AND A PROCESS FOR THE DISTRIBUTION OF FINANCIAL ASSISTANCE UNDER THIS SECTION.**

(c) Financial assistance provided under this section may be allocated among the partners, members, or shareholders of a business entity in any manner agreed to by those persons in writing.

(d) Financial assistance provided under this section may be used in conjunction with other State, federal, or local funding sources.

**(E) A QUALIFIED PROJECT RECEIVING FINANCIAL ASSISTANCE UNDER THIS SECTION SHALL BE IN COMPLIANCE WITH LOCAL DEVELOPMENT AND LAND USE PLANS.**

4–2804.

(a) Subject to § 4–2805 of this subtitle **AND THE REGULATIONS OF THE DEPARTMENT**, [on application by an individual or business entity that pays or incurs eligible construction expenses, the Department shall provide financial assistance to the individual or business entity in the amount determined under § 4–2803 of this subtitle] **THE DEPARTMENT SHALL ACCEPT AN APPLICATION FOR FINANCIAL ASSISTANCE**

**FROM AN INDIVIDUAL OR BUSINESS ENTITY THAT PROPOSES TO DEVELOP A QUALIFIED PROJECT.**

(b) The application shall be in the form and shall contain any information that the Department requires by regulation.

(c) The Department shall approve all applications that qualify for financial assistance under this subtitle in a timely manner.

4-2806.

The Department shall adopt:

(1) regulations to specify criteria for the application for and approval of the financial assistance under this subtitle; and

(2) any other regulations necessary to carry out the provisions of this subtitle.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023.

**Approved by the Governor, April 24, 2023.**