

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 534 (Delegate Ruff, *et al.*)
Environment and Transportation

Community Development Administration - Live Near Your School Program -
Funding and Extension

This bill requires the Governor, for fiscal 2026 through 2030, to include in the annual budget bill an appropriation of \$200,000 for the Live Near Your School program (LNYS). The bill also extends the termination date of Chapter 247 of 2021, which established LNYS and a related home buyer assistance program, from September 30, 2024, to September 30, 2030. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: No effect in FY 2025. General fund expenditures increase by \$200,000 annually from FY 2026 through 2030 due to the mandated appropriation, as discussed below. Revenues are not affected. **This bill establishes a mandated appropriation from FY 2026 through 2030.**

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	200,000	200,000	200,000	200,000
Net Effect	\$0	(\$200,000)	(\$200,000)	(\$200,000)	(\$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: Minimal.

Analysis

Current Law:

Live Near Your School Program

Chapter 247 of 2021 authorized the Community Development Administration (CDA) within the Department of Housing and Community Development (DHCD) to administer LNYS. Under LNYS, CDA may administer community development projects that (1) are in sustainable communities and (2) provide current students and recent graduates with financial assistance in the form of grants to buy homes near the school attended by the student or graduate. A community development project administered under these provisions is not subject to specified provisions of current law that require part of the housing to be occupied by families of limited income. CDA must adopt regulations to implement LNYS.

Home Buyer Assistance Program

Chapter 247 also authorized CDA to administer a home buyer assistance program to assist specified students and graduates in receiving low-interest loans to purchase homes near the public institution of higher education attended by the individual. CDA may administer a home buyer assistance program that (1) assists current students and recent graduates to receive low-interest mortgage loans, with down payment and closing cost assistance options, for the purchase of homes near the school attended by the student or graduate; (2) coordinates with, and matches where appropriate, similar programs offered by public institutions of higher education, private employers, and county and municipal governments to maximize the total amount that current students and recent graduates can receive under the program; (3) authorizes a public institution of higher education to provide matching funds to a home buyer who receives assistance, as specified; and (4) uses available funding sources.

CDA may (1) allow home buyers to use 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) use available funding sources.

CDA may facilitate the marketing of the program with specified entities and adopt regulations to carry out the bill's provisions relating to this program with existing funding for the marketing of current programs of DHCD, if available. Annually, by December 31, DHCD must report to the General Assembly on the program. As of January 2024, DHCD has not submitted the mandated report.

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.

State Expenditures: DHCD advises that since the enactment of Chapter 247, neither LNYS nor the related home buyer assistance program have received funding. Because the bill establishes a mandated appropriation for LNYS beginning in fiscal 2026, but *not* for the related home buyer assistance program, DHCD anticipates hiring staff to administer LNYS (and to produce marketing materials to promote the program) beginning in fiscal 2026 (when the mandated funding begins).

The Department of Legislative Services concurs that a staff person is needed to administer the grant program receiving the mandated appropriation under the bill but disagrees that DHCD needs to produce marketing materials for the program, as the program can be marketed in conjunction with existing DHCD funding for community development projects. Therefore, this analysis assumes DHCD hires one administrative officer (anticipated to cost \$109,282 in fiscal 2026, increasing to \$117,011 by fiscal 2029), with the costs absorbed within the mandated appropriation. This leaves between \$80,000 and \$90,000 available for grants annually. To the extent DHCD elects to also use the mandated appropriation for marketing, less is available for issuing grants under LNYS.

Although it is beyond the timeframe covered by this analysis, it is assumed that DHCD retains the staff hired to administer LNYS following the termination of the mandated appropriation.

DHCD advises that it has attempted to market the home buyer assistance loan program to local governments and higher education institutions, but none of those entities have

expressed any interest in participating in a matching loan program. Therefore, even though the bill extends the termination date for the home buyer assistance program authorized by Chapter 247, this analysis assumes that, in the absence of funding and interested partners, that program remains inactive.

Additional Information

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

Designated Cross File: SB 90 (Senator Hayes) - Budget and Taxation.

Information Source(s): Maryland Association of Counties; Maryland Municipal League; Baltimore City Community College; University System of Maryland; Morgan State University; St. Mary's College of Maryland; Department of Housing and Community Development; Department of Legislative Services

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Analysis by: Thomas S. Elder

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