

Department of Legislative Services  
Maryland General Assembly  
2026 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1466 (Delegate Wims)  
Economic Matters

---

Department of Housing and Community Development - Appraisal Gap From  
Historic Redlining Financial Assistance Program - Qualified Properties

---

This bill expands the definition of a “qualified property” under the Appraisal Gap from Historic Redlining Financial Assistance Program within the Department of Housing and Community Development (DHCD) to include residential real property that is in an area that meets criteria established by DHCD for the identification of neighborhoods that have been historically redlined or have undergone urban renewal. **The bill takes effect July 1, 2026.**

---

Fiscal Summary

**State Effect:** The bill does not materially affect State operations or finances.

**Local Effect:** The bill does not materially affect local government operations or finances.

**Small Business Effect:** Minimal.

---

Analysis

**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 and related fund within DHCD. The purpose of the program is to help close appraisal gaps that occur in historically redlined neighborhoods by making financial assistance available to:

- affordable housing developers working in low-income census tracts and sustainable communities; and

- individuals who purchase a qualified property: (1) after a qualified project is completed; (2) at an affordable sales price as determined by regulations adopted by DHCD; and (3) as an owner-occupant.

A “qualified property” under the program is a residential real property that is:

- newly constructed or a formerly vacant structure that has been substantially rehabilitated;
- located in a low-income census tract and an area designated as a “sustainable community”, as specified; and
- constructed or rehabilitated with the purpose of being sold to an owner-occupant at an affordable sales price.

Generally, in the fiscal year in which a qualified project is proposed, an individual or business entity may apply to DHCD for financial assistance to cover the appraisal gap for the project. “Appraisal gap” means the amount by which the total cost of construction expenses exceeds the contract sales price of a qualified property when it is sold to an owner-occupant. “Qualified project” means the construction or substantial rehabilitation of a qualified property if the eligible construction expenses do not exceed \$500,000. Subject to specified funding limits and regulations, DHCD must accept an application for financial assistance from an individual or business entity that proposes to develop a qualified project. The application must be in the form and must contain any information that DHCD requires by regulation. DHCD must approve all applications that qualify for financial assistance in a timely manner.

Chapters 702 and 703 also required 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 was required to submit the findings of the study to the Governor and the General Assembly by June 30, 2022; that report can be read [here](#).

### *Sustainable Communities*

A “sustainable community” is defined as a part of a priority funding area that (1) is designated by the Smart Growth Subcabinet on the recommendation of the Secretary of Housing and Community Development; (2) has been designated as a Base Realignment and Closure Revitalization Incentive Zone; or (3) has been designated a transit-oriented development.

Chapter 759 of 1997 established that State spending on certain growth-related activities must be directed to priority funding areas. Growth-related projects include most State programs that encourage or support growth and development, such as highways, sewer and water construction, economic development assistance, and State leases or construction of new office facilities. Priority funding areas include all municipalities that existed in the State in 1997; areas inside the Washington Beltway and the Baltimore Beltway; and areas designated as enterprise zones, neighborhood revitalization areas, heritage areas, and certain industrial areas. Areas that were annexed by a municipality after 1997 may also be designated priority funding areas, as long as the areas satisfy specified requirements in statute generally related to density, water and sewer access, and other related factors.

---

### **Additional Information**

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

**Designated Cross File:** None.

**Information Source(s):** Department of Housing and Community Development; Anne Arundel, Baltimore, Cecil, Frederick, Montgomery, and Somerset counties; Department of Legislative Services

**Fiscal Note History:** First Reader - March 10, 2026  
jg/mcr

---

Analysis by: Kayvon Samadani

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