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Finance Committee



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony of Senator Hayes in Support of Senate Bill 445:
Appraisal Gap From Historic Redlining Financial Assistance Program - Alterations
February 21, 2023

Chairman Feldman and members of the Education, Energy, and the Environment Committee,

In 2021, Senate Bill 859 passed which established the Appraisal Gap From Historic Redlining Financial Assistance Program. The purpose of this program is to provide financial assistance to affordable housing developers working in low-income census tracts in order to help close “appraisal gaps” that occur in historically redlined neighborhoods. It allows an individual or business entity that incurs “eligible construction expenses” related to the construction or substantial rehabilitation of residential property in low-income areas to apply for financial assistance.

Senate Bill 445 seeks to strengthen the original bill by redefining what “affordable” means in reference to how much a family pays in housing costs to the IRS definition so that it allows younger people without much capital, and a limited income, to be able to apply for this program. Right now, the Appraisal Gap program does not allow its financial assistance to be used on loans or grants and requires applicants to wait until the fiscal year when the project is complete to receive funding. This amendment also seeks to expand how the financial assistance can be used and push the application timeline up so the program works better for smaller developers and younger individuals who may not have the capacity to pay out of pocket and wait for capital assistance.

Again, the proposed amendments in this bill will allow the Appraisal Gap program to expand so that more people and developers can invest in our neighborhoods.

I urge you to vote favorably on SB445.

Respectfully,

A handwritten signature in blue ink, appearing to read "Antonio L. Hayes".

Senator Antonio L. Hayes
40th Legislative District – MD