



2010 Legislative Review

MARTIN O'MALLEY, Governor / ANTHONY G. BROWN, Lt. Governor / RAYMOND A. SKINNER, Secretary / CLARENCE J. SNUGGS, Deputy Secretary

SECRETARY'S MESSAGE



The 2010 General Assembly Session was a successful one for the O'Malley-Brown Administration and the Maryland Department of Housing and Community Development (DHCD). Even while working in a difficult fiscal environment, pieces of DHCD legislation were passed and the Department played in a key support role in the passage of the Administration's legislative initiatives.

These efforts led to the passage of Governor O'Malley's foreclosure mediation legislation, which will provide homeowners with greater protection from foreclosure and bolster Maryland's reputation as a nationwide leader in foreclosure prevention. DHCD was also proud to support the Sustainable Communities Tax Credit, which not only expands the traditional Heritage

Structure Rehabilitation Tax Credit Program but also streamlines Maryland's revitalization programs including Community Legacy and Neighborhood BusinessWorks. DHCD sponsored legislation that enhances the Group Home Financing Program (GHFP) to allow refinancing of group home mortgages and expanded the Neighborhood BusinessWorks Program to allow DHCD to work with intermediaries to provide microenterprise loans.

DHCD also fared well in the budget arena for Fiscal Year 2011. Although the total budget looks a lot lower than last year, this is due almost entirely to the absence of federal American Recovery and Reinvestment Act (ARRA) funding. Overall, DHCD's existing State and federal programs are funded at the same level as last year.

Our success this year would not have been possible without the dedicated support and assistance of Maryland's housing and community development advocate community, industry groups, sister agencies, and key legislators. You recognize the need for strong housing and community development programs, and you have our gratitude for your efforts to support DHCD and its mission.

This brief overview has been prepared to inform our dedicated partners and stakeholders of the key legislative and budgetary housing and community development activities of the 2010 Session. If you need any further information on these activities, please visit the Maryland General Assembly's Web site at <http://mlis.state.md.us>. You are also welcome to contact my legislative staff at 410-514-7015.

Once again, thank you for helping us make the 2010 session a success.

Sincerely,

Raymond A. Skinner, Secretary

FY 2011 Budget Highlights

While the Fiscal Year 2011 budget was front and center this legislative session in the midst of the states fiscal challenges, Governor O'Malley's budget for DHCD remained substantially secure throughout the legislative process. DHCD's budget for FY 2011 totals over \$348 million dollars. There was a decrease from FY 2010 but it is directly attributed to the absence of ARRA funding; the existing state and federal programs are essentially level funded with FY 2010.

As with past years, the largest portion of the FY 2011 budget is dedicated to the administration of existing federal grant programs, funded through the U.S. Department of Housing and Urban Development (HUD). The largest federal program administered by DHCD is the Section 8 Contract Administration Housing Program, which will receive \$182 million for maintaining quality rental housing for Maryland's neediest citizens.

The FY 2011 budget includes two significant changes that are noteworthy. The first addition to the FY 2011 budget is the newly created Foreclosure Mediation and Counseling Fund, which has been established through the Governor's foreclosure mediation efforts. With this Fund, DHCD will be able to provide operating grants to housing counselors as they continue their efforts to assist homeowners facing foreclosure. Additionally, DHCD will be able to perform a variety of foreclosure mediation outreach activities, including: direct mailings; literature to be included in legal foreclosure filing documents; several community events throughout the year, and; providing guidance about possible mediation resources to Maryland homeowners through the HOPE hotline.

The second addition to the FY 2011 budget impacts the Maryland Affordable Housing Trust (MAHT). The legislature included \$2 million in GO Bonds for MAHT, which is typically budgeted with Special Funds, funded with interest earned on real property sales escrow accounts. The total budget for MAHT is \$5 million for FY 2011, up from \$4 million of Special Funds in FY 2010.

Other Budget Highlights Include:

- **\$29.7 million for Rental Housing Programs** which rehabilitate and create new affordable for low income individuals and families. Beyond the state and federal resources, funding in this program also includes the MacArthur Foundation grant funds (\$4 million), and the Maryland Energy Efficiency and Housing Affordability Program, which is funded by the Maryland Energy Administration (\$3 million).
- **\$12.2 million for Special Loans Programs** which provide loans or grants for abatement of lead paint hazards, indoor plumbing improvements, sheltered housing facilities, and modification of group homes for Maryland citizens with special housing needs (\$2.12 million of this is to cover FY 2010 activity with FY 2011 GO Bonds. The "true" FY 2011 activity level will remain the same as FY 2010 at \$10.1m).
- **\$8.5 million for Homeownership Programs** which provide low, fixed-interest rate mortgage loans and down payment/settlement assistance to low and moderate-income individuals and families (level funded with FY 2010).
- **\$6 million for the Partnership Rental Housing Program** which provides loans or grants to local governments or housing authorities to construct or rehabilitate rental housing for low-income families (level funded with FY 2010).
- **\$2.0 million for the Shelter and Transitional Housing Program** which provides grants to develop emergency shelters and transitional housing (up from \$1.5 million in FY 2010).

- **\$10 million for the Community Development Grant Program** which provides grants to local governments in non-entitlement areas of the State for use in revitalizing neighborhoods (down from \$11 million non-ARRA funds in FY 2010).
- **\$4.65 million for the Community Legacy Program** which provides financing to assist with the revitalization of neighborhoods that are at risk of physical, economic, or social deterioration (\$400,000 is to cover FY 2010 activity with FY 2011 GO Bonds. The “true” FY 2011 activity is essentially level funded with FY 2010 at \$4.25 million).
- **\$6.66 million for Neighborhood Business Works** which assists community-based economic development activities in designated revitalization areas (\$3.57 million is to cover FY 2010 activity with FY 2011 GO Bonds. The “true” FY 2011 activity is level funded with FY 2010 at \$3.1m).

Foreclosure Prevention

- **HB 472 – Real Property - Residential Property Foreclosure Procedures - Foreclosure Mediation**
This O’Malley-Brown Administration legislation institutes a new mediation program within Maryland’s foreclosure process that provides homeowners an opportunity to meet with lenders and an independent party to agree on loan modifications when possible, and when modifications are out of reach, to pursue alternatives to avoid foreclosure or lessen its harmful impact. The legislation also enhances notification to borrowers of pending foreclosure and available options, and it requires lenders to document loan modification efforts, including those required by the federal Home Affordable Modification Program (HAMP), prior to completing foreclosure proceedings. Finally, the law creates a new Housing Counseling and Foreclosure Mediation Fund to provide financial resources to implement the mediation program and to support the work of nonprofit housing counselors. Together these measures will help ensure that homeowners who qualify for loan modifications will get them, and those who do not will be afforded alternatives less harmful than foreclosure. **PASSED**
- **SB 654 / HB 711 – Real Property - Tenants in Foreclosure - Conforming to Federal Law**
Conforms Maryland law to the federal Protecting Renters in Foreclosure Act of 2009. It provides additional rights to certain tenants whose residence may be facing foreclosure including the right to remain in the property through the duration of the lease. **PASSED**

Expanding Housing Opportunities

- **SB 31 – Maryland Communities for a Lifetime Commission**
Re-establishes the Statewide Empowerment Zones for Seniors Commission as the Maryland Communities for a Lifetime Commission. The commission is charged with assisting in the implementation of recommendations made in the Statewide Empowerment Zones for Seniors Commission report. **PASSED**
- **SB 83 – Department of Housing and Community Development - Group Home Financing Program – Refinancing**
Authorizes DHCD to use a Group Home Financing Program (GHFP) loan to refinance an existing mortgage loan on a group home and use the loan proceeds to finance certain closing costs. The bill further allows DHCD to modify the terms of a GHFP loan that is at risk of default. **PASSED**
- **SB 235 / HB 103 – Real Property - Mobile Home Parks - Plans for Dislocated Residents**
Requires a mobile home park owner in Maryland to include a relocation plan for dislocated residents, provide greater notice as well financial assistance when park’s land-use changes. **PASSED**

- **SB 243 – Housing - Discrimination Based on Source of Income - Prohibitions**
Alters the housing policy of the State prohibiting discriminatory practices in the sale or rental of a dwelling because of a person’s source of income. **FAILED**
- **SB 545 – Assisted Housing - Protected Actions - Extended Leases for Seniors**
Requires the landlord of a rental unit covered by federal rental housing assistance to offer an additional two-year lease extension period to seniors if they can demonstrate that available housing in the same price range does not exist. **FAILED**
- **SB 554 / HB 1382 – Rental Housing - Protection for Victims of Domestic Violence and Sexual Assault**
Provides a tenant who is a victim of domestic violence or sexual assault certain protections including the ability to terminate the lease or change the locks under specified circumstances. **PASSED**
- **SB 654 / HB 711 – Real Property - Tenants in Foreclosure - Conforming to Federal Law**
Conforms Maryland law to the federal Protecting Renters in Foreclosure Act of 2009. It provides additional rights to certain tenants whose residence may be facing foreclosure including the right to remain in the property through the duration of the lease. **PASSED**
- **SB 780 / HB 869 – Real Property - Affordable Housing Land Trust**
Enables the creation of Affordable Housing Land Trusts to provide housing for low and moderate income families. The bill provides the authorities, powers, and processes for Land Trust to acquire, manage, and transfer property. **PASSED**
- **SB 878 / HB 799 – Reverse Mortgage Homeowners Protection Act**
Requires that proprietary reverse mortgage loans which are secured by a dwelling conform to federal regulations governing federally insured Home Equity Conversion Mortgages (HECM loans). **PASSED**
- **HB 669 – Landlord and Tenant - Renter's Insurance**
Authorizes a landlord to require a tenant to maintain a renter's insurance policy that provides coverage for the tenant's personal liability and the tenant's personal property in the dwelling. The bill also provides the landlord the ability to obtain renters insurance on behalf of tenant and pass along the costs to the tenant. **FAILED**
- **HB 1399 – Residential Mortgage Loans - Required Notice of Housing Counseling Programs and Services**
Requires that lender provide homebuyers with a written recommendation that a borrower complete home buyer education and a list of programs and services that may be available to assist them. **PASSED**

Smart Growth, Community Development, and Neighborhood Revitalization

- **SB 60 – Commission on Environmental Justice and Sustainable Communities – Membership**
Increases the membership on the Commission from 15 to 20 members including a representative of the Maryland Department of Housing and Community Development. **PASSED**
- **SB 208 / HB 834 – State Treasurer - Permissible Investments - Linked Deposit Program**
Expands the types of investments that the Treasurer make with financial institutions participating in the Linked Deposit Program jointly administered by the Maryland Department of Housing and Community Development. **PASSED**

- **SB 278 / HB 474 – Smart, Green, and Growing - Maryland Sustainable Growth Commission**
Repeals the Task Force on the Future for Growth and Development in Maryland, establishes a Maryland Sustainable Growth Commission and sets out objectives and duties for the Commission. **PASSED**
- **SB 285 / HB 475 – The Sustainable Communities Act of 2010**
Re-establishes the Heritage Structure Rehabilitation Tax Credit Program as the Sustainable Communities Tax Credit Program and expands the tax credit to assist non-historic commercial properties in targeted areas including Main Street communities and Sustainable Communities. The bill consolidates targeted areas provided under the Community Legacy and Designated Neighborhood Programs to better integrate and streamline the two programs. The bill coordinates the review of the State’s revitalization programs through the Smart Growth Subcabinet and requires the Subcabinet to weigh in on BRAC and transit-oriented development zone designations. **PASSED**
- **HB 66 – Department of Housing and Community Development - Neighborhood Business Development Program - Microenterprise Loans**
Establishes a new initiative within the Department of Housing and Community Development’s (DHCD) Neighborhood Business Development Program to authorize DHCD to partner with intermediary organizations to facilitate better access to capital by microenterprises within designated neighborhoods. Financial assistance provided to microenterprises may be used for development costs, working capital, or business expenses. **PASSED**
- **HB 1182 – Business Improvement Districts**
Authorizes a county or municipality to create business improvement districts and establishes the process under which a district may be created. **PASSED**
- **HB 1464 – Land Bank Authorities - Establishment by Municipal Corporations**
Authorizes municipal corporations to create a land bank authority that may acquire, rehabilitate, own, and sell or transfer properties. **PASSED**

Building Codes and Standards

- **SB 940 / HB 1416 – Vehicle Laws - Parking for Individuals with Disabilities - Zoning**
Enables local jurisdictions to provide zoning exceptions to better facilitate parking requirements under the Maryland Accessibility Code for individuals with disabilities. **PASSED**
- **HB 757 – Public Safety - Maryland Building Performance Standards - Accessibility Standards for Dwelling Units**
Requires certain new dwelling units for which a building permit is issued after October 1, 2013, to contain at least one entrance that meets specified accessibility standards. **FAILED**