

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

House Bill 231 (Chair, Environmental Matters Committee)
(By Request – Departmental – Housing and Community Development)
Environmental Matters Education, Health, and Environmental Affairs

**Department of Housing and Community Development - Community
Development Administration - Rental Assistance Programs**

This departmental bill modifies the current framework of rental assistance within the Department of Housing and Community Development for the homeless, disabled, or those impacted by a disaster or other emergency. The current Rental Allowance Program (RAP) is repealed and replaced by a new program. In addition, several additional rental assistance programs are established to achieve specific purposes. The bill indicates that it is the intent of the General Assembly to preserve the existing network of resources and services dedicated to rental assistance.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: None. The bill clarifies existing statutory authority through the establishment of several programs dedicated to rental assistance. Administration of the new programs could be handled with existing resources within DHCD.

Local Effect: None.

Small Business Effect: DHCD has determined that the bill will have minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: The bill repeals and reestablishes RAP and establishes several new rental assistance programs to address a wider array of housing needs. The new programs serve three distinct household types:

- those who are homeless, at risk of homelessness, or have a critical or emergency housing need;
- those containing a disabled individual; and
- those who have been impacted by a disaster.

The reestablished RAP would be dedicated specifically to serving low-income households that are homeless or at risk of homelessness through housing assistance payments. Household eligibility is to be determined by the Secretary of Housing and Community Development, including an income limit not exceeding 30% of the State or area median income, whichever is higher, and other minimum standards for eligible dwelling units. Eligible uses of funds include rent, security deposits, utilities, and other housing-related expenses. The funds may not be used for other rental assistance programs.

DHCD is authorized to administer the programs through, and in consultation with, other relevant State agencies, the housing agencies of local political subdivisions, and nonprofit organizations. DHCD is required to establish certain standards and criteria to consider in its distribution of monthly housing assistance payments and in the implementation of the programs.

Current Law: RAP authorizes the State to provide grants to counties for the purpose of assisting low-income families who are homeless or have an emergency housing need. The grants provide fixed, flat-rate subsidies of varying amounts depending upon the size of the family and the location of the rental housing unit. Payments can be received for up to 12 months, and may be extended under special circumstances.

Background: DHCD advises that the bill clarifies its statutory authority to address a broad array of rental assistance needs. When DHCD responded to the evacuees of Hurricane Katrina, it relied on an interpretation of its statutory authority under RAP to provide rental assistance. By replacing the existing RAP with this new framework, DHCD would be able to quickly respond to emergency rental assistance needs and disaster relief with clear statutory authority. In addition, recent emphasis in Maryland on Smart Growth and Base Realignment and Closure will require new forms of rental assistance to be rendered by DHCD to allow workers to find housing nearer to their jobs.

State Fiscal Effect: DHCD advises that the bill merely repeals and reestablishes RAP and establishes several new rental assistance programs. Thus, the only actual effect of the bill would likely be the reorganization of DHCD resources delineated by the specific type of housing need. Accordingly, DHCD would develop new operating procedures, a task that could be handled with existing resources. The proposed State budget for fiscal 2009 includes \$1.7 million for RAP.

Local Fiscal Effect: RAP is currently administered through local governments, but because there is no budgetary change as a result of the bill, the total amount of funding local governments receive would not change. Anne Arundel, Garrett, Montgomery, and Prince George's counties advise that the bill makes technical and organizational changes only, and would have no fiscal impact on their counties.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Housing and Community Development, Department of Human Resources, Department of Disabilities, Anne Arundel County, Baltimore County, Dorchester County, Garrett County, Montgomery County, Prince George's County, Department of Legislative Services

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