

Department of Legislative Services  
Maryland General Assembly  
2008 Session

FISCAL AND POLICY NOTE

House Bill 74

(Delegate Healey, *et al.*)

Environmental Matters

Education, Health, and Environmental  
Affairs

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Maryland Housing Rehabilitation Program - Loans to Members of Cooperative  
Housing Corporations

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This bill enables residents of housing cooperatives to become eligible for financing assistance from the Maryland Housing Rehabilitation Program. The members of a housing cooperative may use their membership interest in the cooperative housing corporation as security for a program loan. If necessary, the Department of Housing and Community Development (DHCD) may enforce, assign, foreclose, or take possession of the property associated with the member's interest. Prior to the collateralization of any membership interest, DHCD must first enter into an agreement with the housing cooperative corporation to establish the rights and obligations associated with the security interest created.

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Fiscal Summary

**State Effect:** Overall funding for the program would not be affected. Any increased demand for financing assistance through the program could result in a smaller percentage of applicants being served by the program. DHCD could handle any additional administrative requirements with existing resources.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** The Maryland Housing Rehabilitation Program provides financing assistance for the acquisition and rehabilitation of single and multifamily rental buildings. The purpose of the program is to preserve and maintain the current supply of housing that meets federal, State, or local affordability requirements, particularly the Section 8 or Rural Development rental assistance programs. To accomplish this objective, the program makes loans ensuring maximum use of available federal funds consistent with local programs and neighborhood revitalization plans. In order to implement the program, DHCD may charge fees and require the creation of a security interest for loans. DHCD may foreclose, and otherwise enforce, mortgages and deeds of trust used as security for program loans.

**Background:** This legislation allows members of a housing cooperative to qualify for participation in the Accessible Homes for Seniors Program being jointly implemented by the Maryland Department of Aging and DHCD. This program is only one of several funded by the Maryland Housing Rehabilitation Program.

**State Fiscal Effect:** DHCD advises that this bill will likely result in an increased demand for Maryland Housing Rehabilitation Program funds, meaning that the increased demand for financing assistance through the program could result in a smaller percentage of applicants being served by the program. In fiscal 2007, \$3.8 million in funding was provided to the program serving approximately 100 housing units in that year. The fiscal 2008 State budget included \$8.0 million in general and special funds for the program, as does the fiscal 2009 budget allowance.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Housing and Community Development,  
Department of Legislative Services

**Fiscal Note History:** First Reader - January 30, 2008  
ncs/hlb

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