

Chapter 212

(House Bill 7)

AN ACT concerning

**Housing Innovation Pilot Program and Housing Innovation Fund –
Establishment
(Housing Innovation Pilot Program Act of 2024)**

FOR the purpose of establishing the Housing Innovation Pilot Program in the Department of Housing and Community Development to provide funds for certain mixed-income, cross-subsidized housing; establishing the Housing Innovation Fund as a special, nonlapsing fund; and generally relating to the Housing Innovation Pilot Program.

BY adding to

Article – Housing and Community Development

Section 4-512; and 4-3001 through ~~4-3007~~ 4-3005 to be under the new subtitle
“Subtitle 30. Housing Innovation Pilot Program”

Annotated Code of Maryland

(2019 Replacement Volume and 2023 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Housing and Community Development

4-512.(A) **IN THIS SECTION, “FUND” MEANS THE HOUSING INNOVATION FUND.**(B) **THERE IS A HOUSING INNOVATION FUND.**(C) **THE PURPOSE OF THE FUND IS TO PROVIDE LOANS FOR LOCAL HOUSING
AUTHORITIES AND COUNTY GOVERNMENTS TO DEVELOP MIXED-INCOME,
CROSS-SUBSIDIZED HOUSING.**(D) **THE DEPARTMENT SHALL ADMINISTER THE FUND.**(E) (1) **THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT
SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**(2) **THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,
AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**(F) **THE FUND CONSISTS OF:**

(1) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND; AND

(2) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE BENEFIT OF THE FUND.

(G) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION AND SUBSECTION (J) OF THIS SECTION, THE FUND MAY BE USED ONLY TO PROVIDE LOW- OR NO-INTEREST LOANS TO LOCAL HOUSING AUTHORITIES OR TO COUNTY GOVERNMENTS PARTNERING WITH HOUSING DEVELOPERS THROUGH THE HOUSING INNOVATION PILOT PROGRAM IN ACCORDANCE WITH SUBTITLE 30 OF THIS TITLE.

(2) THE FUND MAY BE USED FOR PROJECTS WHERE A COUNTY, IN CONJUNCTION WITH A LOCAL HOUSING AUTHORITY OR A HOUSING DEVELOPER, ACQUIRES EXISTING PRIVATE SECTOR HOUSING.

(H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE GENERAL FUND OF THE STATE.

(I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.

(J) (1) (I) FOR FISCAL YEAR 2025, AN ALLOCATION TO THE HOUSING INNOVATION FUND SHALL BE COMMITTED TO PROJECTS BEFORE JULY 1, 2026, SUBJECT TO APPLICANTS BEING AFFORDED A REASONABLE PERIOD OF TIME TO COMPLETE THE APPLICATION.

(II) FOR FISCAL YEAR 2026 AND EACH FISCAL YEAR THEREAFTER, AN ALLOCATION TO THE HOUSING INNOVATION FUND IN A FISCAL YEAR SHALL BE COMMITTED TO PROJECTS BEFORE THE END OF THAT FISCAL YEAR, SUBJECT TO APPLICANTS BEING AFFORDED A REASONABLE PERIOD OF TIME TO COMPLETE THE APPLICATION.

(2) IF AN ALLOCATION OF FUNDS TO THE HOUSING INNOVATION FUND UNDER PARAGRAPH (1) OF THIS SUBSECTION HAS NOT BEEN COMMITTED TO PROJECTS BEFORE THE END OF THE FISCAL YEAR WHEN THEY WERE ALLOCATED, THE FUNDS SHALL BE ELIGIBLE FOR USE IN SUPPORT OF PROJECTS THAT APPLY TO THE RENTAL HOUSING ~~WORKS FUND~~ PROGRAM ESTABLISHED UNDER SUBTITLE 4 OF THIS TITLE.

SUBTITLE 30. HOUSING INNOVATION PILOT PROGRAM.

4-3001.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “AUTHORITY” HAS THE MEANING STATED IN § 12-101 OF THIS ARTICLE.

~~(B)~~ (C) “FUND” MEANS THE HOUSING INNOVATION FUND.

~~(C)~~ (D) “HOUSING INNOVATION PROJECT” MEANS A PROJECT TO PROVIDE MIXED-INCOME, CROSS-SUBSIDIZED HOUSING THAT QUALIFIES UNDER § 4-3003 OF THIS SUBTITLE.

~~(D)~~ (E) “PROGRAM” MEANS THE HOUSING INNOVATION PILOT PROGRAM.

~~(E)~~ (F) “PUBLIC OWNERSHIP” MEANS THAT THE STATE OR A POLITICAL SUBDIVISION OF THE STATE POSSESSES MAJORITY OWNERSHIP OR CONTROL AUTHORITY OF THE POLITICAL SUBDIVISION OF THE STATE IN WHICH THE PROJECT IS LOCATED POSSESSES MAJORITY OWNERSHIP OR CONTROL.

4-3002.

(A) THERE IS A HOUSING INNOVATION PILOT PROGRAM.

(B) THE PURPOSES OF THE PROGRAM ARE:

(1) TO CREATE OPPORTUNITIES FOR THE STATE’S PUBLIC HOUSING AUTHORITIES AND COUNTY GOVERNMENTS TO INCREASE THE VOLUME OF HOUSING PRODUCTION; AND

(2) TO INCENTIVIZE HOUSING AUTHORITIES TO INCREASE OPPORTUNITIES BY PROVIDING STATE MATCHING FUNDS FOR HOUSING INNOVATION PROJECTS FUNDED THROUGH LOCAL REVOLVING LOAN FUNDS REWARD COUNTIES PURSUING INNOVATIVE SOLUTIONS TO THE PROBLEM OF HOUSING SCARCITY.

(C) THE PROGRAM SHALL BE OPERATED WITH MONEY IN THE FUND.

4-3003.

(A) A PROJECT QUALIFIES AS A HOUSING INNOVATION PROJECT IF:

~~(1)~~ IT PROVIDES NEW HOUSING IN WHICH:

~~(1)~~ (1) AT LEAST 20% OF THE UNITS ARE SET ASIDE FOR HOUSEHOLDS WITH A GROSS ANNUAL INCOME OF NOT MORE THAN 50% OF THE AREA MEDIAN INCOME FOR A HOUSEHOLD OF LIKE SIZE; ~~AND~~ OR

~~(2)~~ (2) AT LEAST 40% OF THE UNITS ARE SET ASIDE FOR HOUSEHOLDS WITH A GROSS ANNUAL INCOME OF NOT MORE THAN 60% OF THE AREA MEDIAN INCOME FOR A HOUSEHOLD OF LIKE SIZE~~;~~.

(B) THE DEPARTMENT SHALL PRIORITIZE FUNDING FOR PROJECTS THAT BEST MEET THE FOLLOWING GUIDELINES:

(1) THE PROJECT DOES NOT USE LOW-INCOME HOUSING TAX CREDIT EQUITY OR TAX-EXEMPT VOLUME CAP;

(2) THE AFFORDABLE SET-ASIDES REQUIRED UNDER ~~ITEM (1)~~ SUBSECTION (A) OF THIS SECTION REMAIN RESTRICTED AT ELECTED LEVELS FOR AT LEAST 99 YEARS;

(3) THE PROJECT REMAINS IN PUBLIC OWNERSHIP; AND

(4) THE PROJECT INCLUDES A COMMITMENT TO PREVAILING WAGE REQUIREMENTS.

4-3004.

~~BEFORE DRAWING DOWN ANY PROGRAM FUNDS, A LOCAL HOUSING AUTHORITY MUST:~~

~~(1) PROVIDE EVIDENCE SATISFACTORY TO THE DEPARTMENT THAT THE PROGRAM FUNDS WILL BE MATCHED BY THE LOCAL HOUSING AUTHORITY ON A DOLLAR FOR DOLLAR BASIS; AND~~

~~(2) MEET OTHER PROGRAM CRITERIA ADOPTED BY THE SECRETARY.~~

~~4-3005.~~

(A) THE DEPARTMENT SHALL:

(1) COORDINATE WITH LOCAL HOUSING AUTHORITIES AND COUNTY GOVERNMENTS TO ENSURE ACCESS TO OTHER FINANCIAL RESOURCES, INCLUDING SENIOR DEBT PRODUCTS; ~~AND~~

(2) DEVELOP NEW RESOURCES IN SUPPORT OF STATEWIDE HOUSING PRODUCTION;

(3) SOLICIT APPLICANTS FOR THE PROGRAM; AND

(4) SUBJECT TO SUBSECTION (B) OF THIS SECTION, SELECT THREE PROJECTS TO RECEIVE ASSISTANCE FROM THE PROGRAM EACH IN A DIFFERENT JURISDICTION.

(B) THE DEPARTMENT MAY SELECT FEWER THAN THREE PROJECTS TO FUND IF THERE IS AN INSUFFICIENT NUMBER OF ELIGIBLE APPLICANTS.

~~4-3006.~~ 4-3005.

~~(A) A LOCAL HOUSING AUTHORITY SHALL PROVIDE A DOLLAR FOR DOLLAR MATCH FOR PROGRAM FUNDS AWARDED TO HOUSING INNOVATION PROJECTS UNDER THIS SUBTITLE.~~

~~(B)~~ (A) (1) IN ADMINISTERING THE PROGRAM, THE DEPARTMENT SHALL TAKE INTO CONSIDERATION THE NEED FOR INCREASED DEVELOPMENT CAPACITY WITHIN LOCAL HOUSING AUTHORITIES.

(2) THE DEPARTMENT MAY NOT CONDITION THE AWARD OF FUNDING FROM THE PROGRAM ON THE ISSUANCE OF BONDS BY THE DEPARTMENT.

(B) (1) FOR EACH OF FISCAL YEARS 2026 THROUGH 2029, THE GOVERNOR SHALL MAY INCLUDE IN THE ANNUAL OPERATING OR CAPITAL BUDGET BILL AN APPROPRIATION OF \$5,000,000 TO THE FUND.

(2) AN APPROPRIATION UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY BE ALLOCATED USING FUNDING FOR ~~RENTAL HOUSING WORKS~~ RENTAL HOUSING PROJECTS ADMINISTERED IN ACCORDANCE WITH SUBTITLE 4 OF THIS TITLE.

~~4-3007.~~

~~IN ADMINISTERING THE PROGRAM, THE DEPARTMENT SHALL PRIORITIZE FUNDING FOR PROJECTS THAT DO NOT USE LOW INCOME HOUSING TAX CREDIT EQUITY OR TAX EXEMPT VOLUME CAP.~~

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2024. It shall remain effective for a period of 5 years and, at the end of June 30, 2029,

this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

Approved by the Governor, April 25, 2024.