



Senate Bill 937 – Housing and Community Development – Mortgage, Down Payment, and Settlement Expense Assistance

Position: Support

The Maryland REALTORS® supports SB 937 which seeks to increase the assistance provided by the Department of Housing and Community Development (DHCD) mortgage programs.

Specifically, SB 937 requires DHCD to incorporate student debt more directly in their consideration of applicants for Maryland Mortgage Programs, authorizes DHCD to create refinancing programs, and establishes greater downpayments for buyers.

The National Association of REALTORS® (NAR) conducts an annual survey of homebuyers and sellers and noted that first-time buyers are at a historically smaller share of the market than at any time in the last 30 years. The percentage of first-time buyers fell from an average of 40% to 33 % nationally in 2015 and has remained in the low thirties since, dropping to 31% in 2020. One of the biggest barriers to homeownership is not an individual's ability to pay mortgage rates (which are still historically low) but from saving enough money to pay down payment and closing costs.

The NAR survey stated that for first-time buyers the down payment is the third most difficult step in a home purchase. Finding the right property and understanding the process were the only two items deemed more difficult. DHCD mortgage programs, particularly their down payment programs, help homebuyers with this cash barrier to home ownership and SB 937 directs a doubling of the down payment assistance.

The Maryland REALTORS® believes increasing down payment assistance is important but would recommend giving DHCD flexibility in targeting that assistance. Two of the recommendations made in the "Maryland Housing Needs Assessment & 10-Year Strategic Plan (Housing Needs Assessment) included increasing funding for these programs and creating more flexible standards. The "Housing Needs Assessment" made clear that not all regions of the state have the same housing needs and flexibility would allow the DHCD to target their assistance to regional needs.

Importantly, the DHCD programs are not only an important tool for first-time buyers but these programs outperform the commercial market in terms of providing homeownership opportunities for people of color. 50 years after the passage of the Fair Housing Act, African-American homeownership rates still lag the white homeownership rate in Maryland by 26%. The national gap is even higher. Expanding these MMP programs can make even greater progress in closing the homeownership gap by providing the critical assistance buyers need in realizing their homeownership goals.

For these reasons, the Maryland REALTORS® recommend a favorable report.

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Exhibit 1-16 First-Time Home Buyers

(Percent of all Home Buyers)

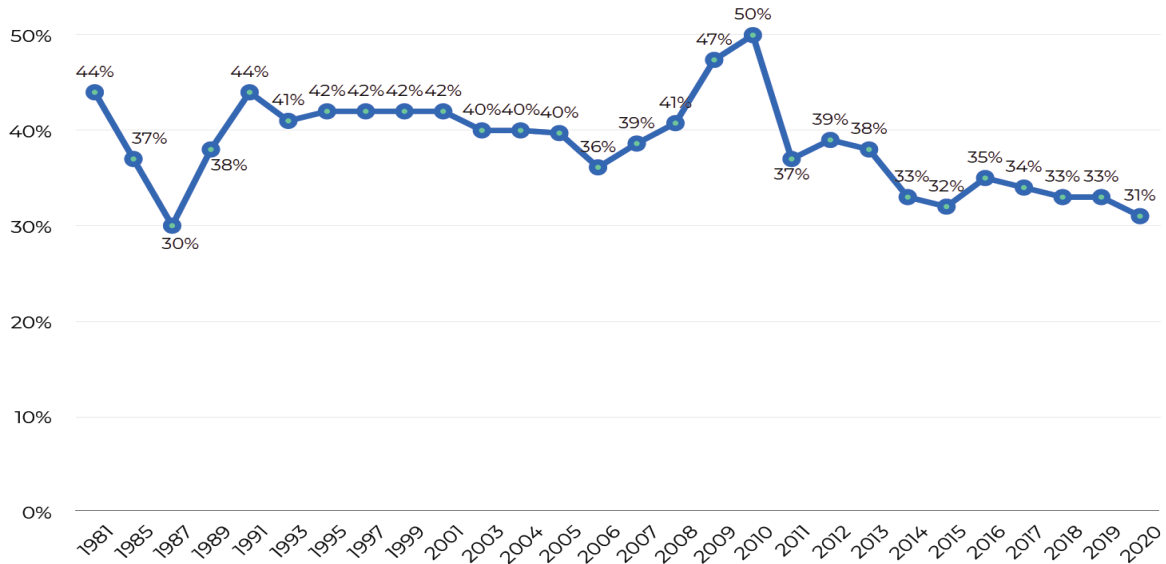


Exhibit 3-10 Most Difficult Steps of Home Buying Process by First-Time and Repeat Buyers and Buyers of New and Previously Owned Homes

(Percentage Distribution)

	BUYERS OF				
	ALL BUYERS	FIRST-TIME BUYERS	REPEAT BUYERS	NEW HOMES	PREVIOUSLY OWNED HOMES
Finding the right property	53%	56%	52%	44%	55%
Paperwork	17%	23%	15%	20%	17%
Understanding the process and steps	15%	33%	7%	15%	15%
Saving for the down payment	11%	25%	5%	10%	12%
Getting a mortgage	7%	10%	6%	9%	7%
Appraisal of the property	4%	5%	4%	3%	5%
Inability to move forward in process due to COVID-19	2%	2%	2%	3%	2%
No difficult steps	20%	9%	25%	26%	19%
Other	6%	4%	7%	7%	6%

