

SENATE BILL 618

Unofficial Copy  
C8

2003 Regular Session  
3lr2379  
CF 3lr1473

---

By: **Senator Conway**

Introduced and read first time: February 7, 2003

Assigned to: Rules

Re-referred to: Education, Health, and Environmental Affairs and Budget and  
Taxation, February 12, 2003

---

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 22, 2003

---

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2                                   **Housing - Community Legacy Program - Neighborhood Intervention**  
3                                   **Projects**

4 FOR the purpose of altering the purposes of a community legacy project to include the  
5 financing of a neighborhood intervention project for the rehabilitation or  
6 demolition of properties located in stable neighborhoods under certain  
7 circumstances; establishing a certain priority for the review and approval of  
8 applications for financial assistance under the Community Legacy Program  
9 under certain circumstances; ~~creating a certain Neighborhood Intervention~~  
10 ~~Fund within the Community Legacy Financial Assistance Fund; providing for~~  
11 ~~allocations to and transfers from the Neighborhood Intervention Fund under~~  
12 ~~certain circumstances; imposing certain obligations on a sponsor of a~~  
13 neighborhood intervention project under certain circumstances; defining certain  
14 terms; making stylistic changes; and generally relating to neighborhood  
15 intervention projects and the Community Legacy Program.

16 BY repealing and reenacting, with amendments,  
17 Article 83B - Department of Housing and Community Development  
18 Section 4-801 and 4-806  
19 Annotated Code of Maryland  
20 (1998 Replacement Volume and 2002 Supplement)

21 BY repealing and reenacting, without amendments,  
22 Article 83B - Department of Housing and Community Development  
23 Section 4-811

1 Annotated Code of Maryland  
2 (1998 Replacement Volume and 2002 Supplement)

3 BY adding to  
4 Article 83B - Department of Housing and Community Development  
5 Section 4-812 ~~and 4-813~~  
6 Annotated Code of Maryland  
7 (1998 Replacement Volume and 2002 Supplement)

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

10 **Article 83B - Department of Housing and Community Development**

11 4-801.

12 (a) In this subtitle the following words have the meanings indicated.

13 (b) "Application" means an application to the Board that may include one or  
14 more of the following:

15 (1) A request that an area be designated as a community legacy area;

16 (2) A request to approve a community legacy plan; or

17 (3) A request to approve a community legacy project.

18 (c) "Board" means the Community Legacy Board.

19 (D) "COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION" MEANS A  
20 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION AS DEFINED UNDER 12 U.S.C. §  
21 4702, AS AMENDED.

22 [(d)] (E) (1) "Community development organization" means a corporation,  
23 foundation, or other legal entity which operates for the purpose of improving the  
24 physical, economic, or social environment of its geographic areas of operation.

25 (2) "Community development organization" does not include a  
26 corporation, foundation, or other legal entity in which all or a portion of the net  
27 earnings inures to the benefit of any private shareholder or individual holding an  
28 interest in that entity.

29 [(e)] (F) "Community legacy agreement" means an agreement between the  
30 Department and a sponsor to develop a community legacy plan or implement one or  
31 more community legacy projects in a designated community legacy area.

32 [(f)] (G) "Community legacy area" means an area:

33 (1) Located in a priority funding area; and

1 (2) Determined by the Board to satisfy the requirements of § 4-805 of  
2 this subtitle.

3 [(g)] (H) "Community legacy plan" means a plan submitted by a sponsor to the  
4 Board for approval which may consist of one or more community legacy projects  
5 designed to prevent or reverse decline or disinvestment in a community legacy area  
6 through improvements in residential, commercial, or other public or private  
7 properties.

8 [(h)] (I) (1) "Community legacy project" means a project or projects  
9 submitted by a sponsor to the Board for approval [that is consistent with a  
10 community legacy plan] IN ACCORDANCE WITH THIS SUBTITLE.

11 (2) "Community legacy project" includes projects to:

12 (i) Create, improve, or preserve housing opportunities, including  
13 the acquisition, construction, rehabilitation, or improvement of new or existing  
14 homeownership or rental properties;

15 (ii) Strategically demolish buildings or improvements to enhance  
16 the use of land;

17 (iii) Create, improve, or preserve mixed-use or commercial  
18 development, including any appropriate combination of properties related to  
19 business, housing, open-space, and institutional uses;

20 (iv) Develop public infrastructure that is incidental to the  
21 implementation of a community legacy project, such as streets, parking, public  
22 utilities, landscaping, lighting, and improvements to pedestrian and bicycle  
23 circulation;

24 (v) Encourage and develop cooperative ownership control of  
25 open-space;

26 (vi) Develop or create strategies targeted at increasing investment  
27 in existing communities, including outreach activities designed to attract business,  
28 capital, residents, and visitors and the development and maintenance of resources  
29 directly related to the development of a community legacy plan or the implementation  
30 of a community legacy project;

31 (vii) Acquire or improve vacant buildings or unimproved land,  
32 including the practice of landbanking; [or]

33 (VIII) PROVIDE FINANCING FOR A NEIGHBORHOOD INTERVENTION  
34 PROJECT; OR

35 [(viii)] (IX) Develop any other community legacy plans or implement  
36 any other community legacy projects that the Board deems necessary to further the  
37 purposes of this subtitle.

1 [(i) "Priority funding area" means an area designated as a priority funding  
2 area under § 5-7B-02 of the State Finance and Procurement Article.]

3 (j) "Financial assistance" includes:

4 (1) A grant;

5 (2) A loan;

6 (3) Any reduction in the principal obligation of or rate of interest payable  
7 on a loan or portion of a loan;

8 (4) Any prepayment of interest on a subordinate or superior loan or  
9 portion of a loan;

10 (5) Any assurance;

11 (6) Any guarantee; or

12 (7) Any other form of credit enhancement.

13 (k) "Landbanking" means the acquisition and holding of improved and  
14 unimproved property in anticipation of future development of the property or to  
15 ensure the future use of the property and improvements remain affordable.

16 (L) "NEIGHBORHOOD INTERVENTION PROJECT" MEANS A PROJECT  
17 SPONSORED BY:

18 (1) A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION TO PROVIDE  
19 FINANCIAL ASSISTANCE TO INDIVIDUALS OR BUSINESS ENTITIES THAT ARE  
20 OWNER-OCCUPANTS, COMMUNITY DEVELOPMENT ORGANIZATIONS, OR LOCAL  
21 GOVERNMENTS FOR THE PURPOSE OF BUYING PROPERTIES THAT ARE IN NEED OF  
22 REHABILITATION AND ARE LOCATED IN OTHERWISE STABLE NEIGHBORHOODS SO  
23 AS TO REDEVELOP THE PROPERTIES THROUGH REHABILITATION, DEMOLITION,  
24 RECONSTRUCTION, OR RE-USE; OR

25 (2) A LOCAL GOVERNMENT FOR THE PURPOSE OF DEMOLISHING  
26 IMPROVEMENTS ON PROPERTY THAT ARE:

27 (I) DANGEROUS FOR USE OR OCCUPANCY;

28 (II) SO DETERIORATED THAT REHABILITATION IS NOT FEASIBLE;  
29 AND

30 (III) LOCATED IN OTHERWISE STABLE NEIGHBORHOODS.

31 (M) "PRIORITY FUNDING AREA" MEANS AN AREA DESIGNATED AS A PRIORITY  
32 FUNDING AREA UNDER § 5-7B-02 OF THE STATE FINANCE AND PROCUREMENT  
33 ARTICLE.

1     [(l)]     (N)     "Program" means the Community Legacy Program established by  
2 this subtitle.

3     [(m)]     (O)     "Sponsor" [means a local government, group of local governments,  
4 or community development organization] MEANS:

- 5             (1)     A LOCAL GOVERNMENT;
- 6             (2)     A GROUP OF LOCAL GOVERNMENTS;
- 7             (3)     A COMMUNITY DEVELOPMENT ORGANIZATION; OR
- 8             (4)     A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.

9 4-806.

10     (a)     The Board shall:

- 11             (1)     Review applications and may request additional information from a  
12 sponsor;
- 13             (2)     Accept public input on applications;
- 14             (3)     Submit applications to appropriate State agencies and consider any  
15 recommendations made regarding the applications;
- 16             (4)     Consider geographical balance when approving an application;
- 17             (5)     GIVE PRIORITY IN AWARDING FINANCIAL ASSISTANCE TO  
18 APPLICATIONS THAT PROVIDE FOR THE LIKELY REPAYMENT OF THE FINANCIAL  
19 ASSISTANCE TO A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION OR TO THE  
20 COMMUNITY LEGACY FINANCIAL ASSISTANCE FUND; and

21             [(5)]    (6)     Refer all approved applications to the Secretary.

22     (b)     (1)     The Board may not approve an application unless the sponsor obtains  
23 a resolution [of] FROM A local government approving an application.

24             (2)     (i)     If an application affects a community legacy area located  
25 entirely within a municipal corporation, the approval shall come from the municipal  
26 corporation rather than the surrounding county.

27             (ii)     If [a community legacy plan] AN APPLICATION affects  
28 community legacy areas within the territory of more than one local government, the  
29 sponsor shall obtain a resolution from each local government in which the community  
30 legacy area is located.

31     (c)     The Secretary shall award financial assistance to a sponsor or a sponsor's  
32 designee in an amount and type determined by the Board and pursuant to the terms  
33 of a community legacy agreement.

1 4-811.

2 (a) There is a Community Legacy Financial Assistance Fund established for  
3 the purposes specified in this subtitle.

4 (b) (1) The Fund is a continuing, nonlapsing fund, which is not subject to §  
5 7-302 of the State Finance and Procurement Article.

6 (2) The Treasurer shall separately hold and the Comptroller shall  
7 account for the Fund.

8 (3) Notwithstanding any other provision of law, the Treasurer may  
9 invest moneys in the Fund in a manner consistent with the investment of moneys by  
10 the State Retirement and Pension System.

11 (4) Any investment earnings of the Fund shall be paid into the Fund.

12 (c) The Secretary shall administer the Fund in accordance with the  
13 recommendations of the Board.

14 (d) The Fund consists of:

15 (1) Moneys appropriated in the State budget to the Fund;

16 (2) Earnings from the investment of moneys in the Fund;

17 (3) Repayments and prepayments of financial assistance provided by the  
18 Program; and

19 (4) Any other moneys accepted for the benefit of the Fund from any  
20 governmental or private source.

21 4-812.

22 ~~(A) (1) THERE IS A NEIGHBORHOOD INTERVENTION FUND ESTABLISHED~~  
23 ~~WITHIN THE COMMUNITY LEGACY FINANCIAL ASSISTANCE FUND.~~

24 ~~(2) EXCEPT AS PROVIDED IN THIS SECTION, THE PROVISIONS OF § 4-811~~  
25 ~~OF THIS SUBTITLE SHALL APPLY TO THE NEIGHBORHOOD INTERVENTION FUND.~~

26 ~~(B) THE NEIGHBORHOOD INTERVENTION FUND CONSISTS OF:~~

27 ~~(1) MONEYS APPROPRIATED IN THE STATE BUDGET TO THE~~  
28 ~~NEIGHBORHOOD INTERVENTION FUND;~~

29 ~~(2) EARNINGS FROM THE INVESTMENT OF MONEYS IN THE~~  
30 ~~NEIGHBORHOOD INTERVENTION FUND;~~

31 ~~(3) REPAYMENTS AND PREPAYMENTS OF FINANCIAL ASSISTANCE~~  
32 ~~PROVIDED BY THE PROGRAM FOR NEIGHBORHOOD INTERVENTION PROJECTS;~~

1           (4)     ~~MONEYS ALLOCATED TO THE NEIGHBORHOOD INTERVENTION FUND~~  
2 ~~BY THE BOARD IN ACCORDANCE WITH § 4-813 OF THIS SUBTITLE; AND~~

3           (5)     ~~ANY OTHER MONEYS ACCEPTED FOR THE BENEFIT OF THE~~  
4 ~~NEIGHBORHOOD INTERVENTION FUND FROM ANY GOVERNMENTAL OR PRIVATE~~  
5 ~~SOURCE.~~

6     ~~(C)     THE NEIGHBORHOOD INTERVENTION FUND SHALL BE USED ONLY FOR~~  
7 ~~NEIGHBORHOOD INTERVENTION PROJECTS.~~

8     ~~(D)     AT ANY TIME FOLLOWING DECEMBER 1 OF EACH FISCAL YEAR, THE~~  
9 ~~DEPARTMENT MAY TRANSFER, SUBJECT TO THE PROVISIONS OF § 7-209 OF THE~~  
10 ~~STATE FINANCE AND PROCUREMENT ARTICLE, UNENCUMBERED MONEYS IN THE~~  
11 ~~NEIGHBORHOOD INTERVENTION FUND TO THE COMMUNITY LEGACY FINANCIAL~~  
12 ~~ASSISTANCE FUND EXCEPT AS MAY BE PROVIDED IN THE STATE BUDGET.~~

13 ~~4-813.~~

14     (A)     THE BOARD MAY WAIVE THE REQUIREMENTS OF §§ 4-804(B)(1) AND 4-805  
15 OF THIS SUBTITLE REGARDING THE DESIGNATION OF A COMMUNITY LEGACY AREA  
16 AND A COMMUNITY LEGACY PLAN FOR APPLICATIONS REQUESTING FINANCIAL  
17 ASSISTANCE SOLELY FOR A NEIGHBORHOOD INTERVENTION PROJECT.

18     (B)     (1)    ~~THE BOARD SHALL ANNUALLY ALLOCATE TO THE NEIGHBORHOOD~~  
19 ~~INTERVENTION FUND ESTABLISHED UNDER § 4-812 OF THIS SUBTITLE ANY~~  
20 ~~REPAYMENTS OF FINANCIAL ASSISTANCE RECEIVED UNDER SUBSECTION (D) OF~~  
21 ~~THIS SECTION.~~

22           (2)    ~~THE BOARD SHALL ANNUALLY ALLOCATE A PERCENTAGE, NO LESS~~  
23 ~~THAN 15%, OF THE COMMUNITY LEGACY FINANCIAL ASSISTANCE FUND TO THE~~  
24 ~~NEIGHBORHOOD INTERVENTION FUND, WHICH AMOUNT SHALL INCLUDE ANY~~  
25 ~~REPAYMENTS ALLOCATED UNDER PARAGRAPH (1) OF THIS SUBSECTION.~~

26     ~~(C)     TO RECEIVE FINANCIAL ASSISTANCE FOR A NEIGHBORHOOD~~  
27 ~~INTERVENTION PROJECT DESCRIBED IN § 4-801(L)(1) OF THIS SUBTITLE, THE~~  
28 ~~SPONSOR SHALL AGREE TO USE THE FINANCIAL ASSISTANCE, AND ANY~~  
29 ~~REPAYMENTS AND PREPAYMENTS, PRIMARILY TO MAKE LOANS FOR THE PURPOSE~~  
30 ~~SET FORTH IN § 4-801(L)(1) OF THIS SUBTITLE.~~

31     ~~(D)     (C)     TO RECEIVE FINANCIAL ASSISTANCE FOR A NEIGHBORHOOD~~  
32 ~~INTERVENTION PROJECT DESCRIBED IN § 4-801(L)(2) OF THIS SUBTITLE, THE~~  
33 ~~SPONSOR SHALL AGREE TO REPAY THE FINANCIAL ASSISTANCE TO THE COMMUNITY~~  
34 ~~LEGACY FINANCIAL ASSISTANCE FUND, UP TO THE AMOUNT RECEIVED BY THE~~  
35 ~~SPONSOR FROM:~~

36           (1)    THE NET PROCEEDS OF THE SALE OF THE PROPERTY ON WHICH THE  
37 DEMOLITION TOOK PLACE; OR

38           (2)    ANY PAYMENT TO THE SPONSOR FOR THE COSTS INCURRED IN  
39 DEMOLISHING THE IMPROVEMENTS ON THE PROPERTY.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 July 1, 2003.