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By: **Chairman, Environmental Matters Committee (By Request -  
Departmental - Housing and Community Development) and Delegates  
Branch, Eckardt, McConkey, Niemann, Rosenberg, and Sossi**

Introduced and read first time: January 21, 2004  
Assigned to: Environmental Matters

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: February 24, 2004

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CHAPTER 499

1 AN ACT concerning

2 **Department of Housing and Community Development - Community Legacy**  
3 **Program - Neighborhood Intervention 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 demolition of buildings  
6 under certain circumstances; imposing certain obligations on a sponsor of a  
7 neighborhood intervention project under certain circumstances; ~~authorizing the~~  
8 ~~Department of Housing and Community Development to transfer certain~~  
9 ~~moneys in the Community Legacy Financial Assistance Fund to certain other~~  
10 ~~funds~~; authorizing the Community Legacy Board to grant certain waivers from  
11 certain requirements imposed on sponsors of neighborhood intervention projects  
12 under certain circumstances; defining certain terms; and generally relating to  
13 neighborhood intervention projects and the Community Legacy Program in the  
14 Department of Housing and Community Development.

15 BY repealing and reenacting, with amendments,  
16 Article 83B - Department of Housing and Community Development  
17 Section 4-801, ~~4-811~~, and 4-812  
18 Annotated Code of Maryland  
19 (2003 Replacement Volume)

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

1 (2003 Replacement Volume)

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

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

5 4-801.

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

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

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

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

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

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

13 (d) "Community development financial institution" means a community  
14 development financial institution as defined under 12 U.S.C. § 4702, as amended.

15 (e) (1) "Community development organization" means a corporation,  
16 foundation, or other legal entity which operates for the purpose of improving the  
17 physical, economic, or social environment of its geographic areas of operation.

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

22 (f) "Community legacy agreement" means an agreement between the  
23 Department and a sponsor to develop a community legacy plan or implement one or  
24 more community legacy projects in a designated community legacy area.

25 (g) "Community legacy area" means an area:

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

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

29 (h) "Community legacy plan" means a plan submitted by a sponsor to the  
30 Board for approval which may consist of one or more community legacy projects  
31 designed to prevent or reverse decline or disinvestment in a community legacy area  
32 through improvements in residential, commercial, or other public or private  
33 properties.

1 (i) (1) "Community legacy project" means a project or projects submitted by  
2 a sponsor to the Board for approval in accordance with this subtitle.

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

4 (i) Create, improve, or preserve housing opportunities, including  
5 the acquisition, construction, rehabilitation, or improvement of new or existing  
6 homeownership or rental properties;

7 (ii) Strategically demolish buildings or improvements to enhance  
8 the use of land;

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

12 (iv) Develop public infrastructure that is incidental to the  
13 implementation of a community legacy project, such as streets, parking, public  
14 utilities, landscaping, lighting, and improvements to pedestrian and bicycle  
15 circulation;

16 (v) Encourage and develop cooperative ownership control of  
17 open-space;

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

23 (vii) Acquire or improve vacant buildings or unimproved land,  
24 including the practice of landbanking;

25 (viii) Provide [financing] FINANCIAL ASSISTANCE for a  
26 neighborhood intervention project; or

27 (ix) Develop any other community legacy plans or implement any  
28 other community legacy projects that the Board deems necessary to further the  
29 purposes of this subtitle.

30 (j) "Financial assistance" includes:

31 (1) A grant;

32 (2) A loan;

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

35 (4) Any prepayment of interest on a subordinate or superior loan or  
36 portion of a loan;

- 1 (5) Any assurance;
- 2 (6) Any guarantee; or
- 3 (7) Any other form of credit enhancement.

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

7 (L) "LOCAL GOVERNMENT" MEANS ANY OF THE 23 COUNTIES OF THE STATE,  
8 THE CITY OF BALTIMORE, A MUNICIPAL CORPORATION OF THE STATE SUBJECT TO  
9 ARTICLE XI-E OF THE MARYLAND CONSTITUTION, OR ANY OF THEIR DULY  
10 AUTHORIZED AGENCIES OR INSTRUMENTALITIES.

11 [(l)] (M) "Neighborhood intervention project" means a project sponsored by:

12 (1) A community development financial institution to provide financial  
13 assistance to individuals or business entities that are owner-occupants, community  
14 development organizations, or local governments for the purpose of buying properties  
15 that are in need of rehabilitation and are located in otherwise stable neighborhoods so  
16 as to redevelop the properties through rehabilitation, demolition, reconstruction, or  
17 re-use; [or]

18 (2) A local government for the purpose of demolishing improvements on  
19 property that are:

- 20 (i) Dangerous for use or occupancy;
- 21 (ii) So deteriorated that rehabilitation is not feasible; and
- 22 (iii) Located in otherwise stable neighborhoods; OR

23 (3) A LOCAL GOVERNMENT FOR THE PURPOSE OF DEMOLISHING  
24 IMPROVEMENTS ON PROPERTY TO PREPARE THE PROPERTY FOR REVITALIZATION,  
25 REDEVELOPMENT, OR RE-USE AS PART OF A REDEVELOPMENT PLAN.

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

28 [(n)] (O) "Program" means the Community Legacy Program established by  
29 this subtitle.

30 (P) "REDEVELOPMENT PLAN" MEANS A PLAN APPROVED BY THE BOARD FOR  
31 THE REVITALIZATION, REDEVELOPMENT, OR RE-USE OF A PARCEL OR RELATED  
32 PARCELS OF PROPERTY.

33 [(o)] (Q) "Sponsor" means:

34 (1) A local government;

- 1 (2) A group of local governments;
- 2 (3) A community development organization; or
- 3 (4) A community development financial institution.

4 4-811.

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

7 (b) (1) The Fund is a continuing, nonlapsing fund, which is not subject to §  
8 7-302 of the State Finance and Procurement Article.

9 (2) The Treasurer shall separately hold and the Comptroller shall  
10 account for the Fund.

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

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

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

17 (d) The Fund consists of:

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

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

20 (3) Repayments and prepayments of financial assistance provided by the  
21 Program; and

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

24 ~~(E) AT ANY TIME FOLLOWING THE FIRST 8 MONTHS OF A FISCAL YEAR, THE~~  
25 ~~DEPARTMENT MAY TRANSFER, SUBJECT TO § 7-209 OF THE STATE FINANCE AND~~  
26 ~~PROCUREMENT ARTICLE, UNENCUMBERED MONEYS IN THE FUND TO ANY OTHER~~  
27 ~~FUND ESTABLISHED UNDER THIS TITLE.~~

28 4-812.

29 (a) The Board may waive the requirements of §§ 4-804(b)(1) and 4-805 of this  
30 subtitle regarding the designation of a community legacy area and a community  
31 legacy plan for applications requesting financial assistance solely for a neighborhood  
32 intervention project.

1 (b) (1) The Board shall annually allocate a percentage, no less than 10%, of  
2 the Community Legacy Financial Assistance Fund to neighborhood intervention  
3 projects.

4 (2) The Board may not award more than \$500,000 in financial assistance  
5 for a neighborhood intervention project.

6 (c) To receive financial assistance for a neighborhood intervention project  
7 described in § [4-801(l)(1)] 4-801(M)(1) of this subtitle, the sponsor shall agree to use  
8 the financial assistance, and any repayments and prepayments, primarily to make  
9 loans for the purpose set forth in § [4-801(l)(1)] 4-801(M)(1) of this subtitle.

10 (d) To receive financial assistance for a neighborhood intervention project  
11 described in § [4-801(l)(2)] 4-801(M)(2) of this subtitle, the sponsor shall agree to  
12 repay the financial assistance to the Community Legacy Financial Assistance Fund,  
13 up to the amount received by the sponsor from:

14 (1) The net proceeds of the sale of the property on which the demolition  
15 took place; or

16 (2) Any payment to the sponsor RELATING TO THE PROPERTY,  
17 INCLUDING ~~PAYMENTS~~, ANY PAYMENT for the costs incurred in demolishing the  
18 improvements on the property.

19 (E) TO RECEIVE FINANCIAL ASSISTANCE FOR A NEIGHBORHOOD  
20 INTERVENTION PROJECT DESCRIBED IN § 4-801(M)(3) OF THIS SUBTITLE, THE  
21 SPONSOR MUST PROVIDE EVIDENCE, AT THE TIME OF APPLICATION, THAT THE  
22 SPONSOR:

23 (1) HAS A LEGAL INTEREST IN THE PROPERTY THROUGH:

24 (I) OWNERSHIP OF THE PROPERTY;

25 (II) A CONTRACT, OPTION, OR OTHER LEGAL RIGHT TO ACQUIRE  
26 THE PROPERTY; OR

27 (III) THE RIGHT TO DEMOLISH THE IMPROVEMENTS ON THE  
28 PROPERTY;

29 (2) INTENDS THAT THE PROPERTY BE REVITALIZED, REDEVELOPED, OR  
30 RE-USED AS PART OF A REDEVELOPMENT PLAN FOR THE PROPERTY;

31 (3) HAS COMPLIED WITH THE REQUIREMENTS OF §§ 5-617 THROUGH  
32 5-619 OF THIS ARTICLE AND § 13-1112(B) OF THE FINANCIAL INSTITUTIONS ARTICLE;

33 (4) WILL CONTRIBUTE AN AMOUNT AT LEAST EQUAL TO THE FINANCIAL  
34 ASSISTANCE FROM THE PROGRAM TOWARDS THE DEMOLITION OF THE  
35 IMPROVEMENTS ON THE PROPERTY;

1 (5) AGREES TO REPAY THE FINANCIAL ASSISTANCE TO THE  
2 COMMUNITY LEGACY FINANCIAL ASSISTANCE FUND, UP TO THE AMOUNT RECEIVED  
3 BY THE SPONSOR FROM:

4 (I) THE NET PROCEEDS OF THE SALE OF THE PROPERTY; OR

5 (II) ANY PAYMENT TO THE SPONSOR RELATING TO THE PROPERTY,  
6 INCLUDING ANY PAYMENT FOR THE COSTS INCURRED IN DEMOLISHING THE  
7 IMPROVEMENTS ON THE PROPERTY; AND

8 (6) PROVIDES EVIDENCE THAT THE FINANCIAL ASSISTANCE FROM THE  
9 PROGRAM SHALL BE THE LEAST AMOUNT NECESSARY TO COMPLETE THE PROJECT.

10 (F) UPON REQUEST FROM A SPONSOR, THE BOARD MAY GRANT A FULL OR  
11 PARTIAL WAIVER OF THE REQUIREMENTS OF ~~SUBSECTION~~ SUBSECTIONS (D)(1) OR (2)  
12 OR(E)(4) AND OR(5) OF THIS SECTION.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
14 effect July 1, 2004.