

# HOUSE BILL 1327

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By: **Delegate Lafferty**

Introduced and read first time: February 16, 2012

Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Community Legacy Program – Sustainable Community Designation – Time**  
3 **Extension**

4 FOR the purpose of extending the date until which existing community legacy areas  
5 and designated neighborhoods will be considered sustainable communities for  
6 the purposes of the Community Legacy Program; extending the date by which  
7 sponsors of existing community legacy areas and designated neighborhoods are  
8 required to file for redesignation as a sustainable community for the purposes of  
9 financial assistance under the Program; and generally relating to the  
10 designation of sustainable communities and the Community Legacy Program.

11 BY repealing and reenacting, without amendments,  
12 Article – Housing and Community Development  
13 Section 6–204, 6–205, 6–206, and 6–305  
14 Annotated Code of Maryland  
15 (2006 Volume and 2011 Supplement)

16 BY repealing and reenacting, with amendments,  
17 Chapter 487 of the Acts of the General Assembly of 2010  
18 Section 2, 4, and 5

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

21 **Article – Housing and Community Development**

22 6–204.

23 (a) A sponsor may file one or more applications in accordance with the  
24 schedules that the Department establishes.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) An application shall set forth:

2 (1) a description of one or more sustainable communities where the  
3 sponsor proposes to develop a sustainable community plan or to carry out a  
4 community legacy project using the standards listed in § 6–205 of this subtitle;

5 (2) a detailed description of the proposed sustainable community plan  
6 or proposed community legacy project;

7 (3) the amount and type of financial assistance sought;

8 (4) the ability of the sponsor to carry out the proposed sustainable  
9 community plan or community legacy project;

10 (5) the strength and quality of partnerships created among the federal  
11 government, the State government, political subdivisions, community development  
12 organizations, and other private organizations to develop the sustainable community  
13 plan or carry out the community legacy project, including:

14 (i) financial support;

15 (ii) dedication of staff and resources; and

16 (iii) commitment to and development of local smart growth  
17 policies;

18 (6) proposed benchmarks for evaluating whether the proposed  
19 sustainable community plan or community legacy project results in a desired outcome  
20 for a proposed sustainable community, such as:

21 (i) stabilizing it;

22 (ii) reversing its social, economic, or physical decline; or

23 (iii) encouraging growth in it; and

24 (7) the process used to seek and receive public input on the proposed  
25 sustainable community plan or community legacy project, including the nature and  
26 extent of public support or opposition.

27 (c) (1) The Smart Growth Subcabinet, on the recommendation of the  
28 Secretary, may designate an area as a sustainable community.

29 (2) If the Smart Growth Subcabinet has not acted within 90 days of a  
30 recommendation from the Secretary, the Secretary may designate an area as a  
31 sustainable community without the approval of the Smart Growth Subcabinet.

1 6–205.

2 (a) The Smart Growth Subcabinet, on the recommendation of the Secretary,  
3 may designate an area as a sustainable community if the sponsor demonstrates that  
4 past and current trends in homeownership, property values, commercial and  
5 residential vacancy, and business or housing investment show a need for reinvestment  
6 in the area and if:

7 (1) entities in the community, such as local governments, employers,  
8 educational institutions, civic organizations, community organizations, or cultural  
9 organizations, support the proposed sustainable community plan and have pledged  
10 resources to develop or implement it;

11 (2) the proposed sustainable community plan addresses the need for  
12 reinvestment in the area and will enhance the area, and give individuals of different  
13 incomes a range of housing options, employment opportunities, and other amenities;

14 (3) a community in the proposed area is culturally or historically  
15 significant;

16 (4) the proposed area is near a town center or a transportation center;

17 (5) the proposed sustainable community plan is consistent with and  
18 complements other existing or proposed projects for housing, commercial or  
19 community development, education, historic preservation, neighborhood revitalization,  
20 transportation, or other things significant to the comprehensive enhancement of the  
21 community; or

22 (6) there is a demonstrated need for financing assistance for small  
23 businesses, nonprofit organizations, or microenterprises.

24 (b) (1) To maintain a sustainable community designation:

25 (i) every 5 years a sponsor shall file an updated plan and  
26 application with the Department; and

27 (ii) the Secretary shall make designation recommendations for  
28 approval by the Smart Growth Subcabinet under § 6–204 of this subtitle.

29 (2) The Department shall convene an interagency review team from  
30 the agencies of the Smart Growth Subcabinet to:

31 (i) review applications and plans;

32 (ii) provide assistance and guidance to applicants; and

33 (iii) make recommendations to the Secretary.

1           (3)    The Smart Growth Subcabinet may redesignate an area as a  
2 sustainable community taking into consideration the factors in subsection (a) of this  
3 section.

4   6–206.

5           (a)    The Department shall:

6                   (1)    review each application and may request more information from  
7 the sponsor;

8                   (2)    accept public input on each application;

9                   (3)    submit each application to appropriate State units and appropriate  
10 members of the Smart Growth Subcabinet;

11                   (4)    consider any recommendation a State unit or member of the Smart  
12 Growth Subcabinet makes;

13                   (5)    consider geographic balance when reviewing applications; and

14                   (6)    give priority in awarding financial assistance to applicants that are  
15 likely to repay the financial assistance to a community development financial  
16 institution or to the Community Legacy Financial Assistance Fund.

17           (b)    (1)    The Department may not approve an application unless the  
18 political subdivision in which the proposed project is located approves the application  
19 by resolution.

20                   (2)    If an application affects a sustainable community entirely within a  
21 municipal corporation, the approval must come from the municipal corporation rather  
22 than the surrounding county.

23                   (3)    If an application affects a sustainable community within more than  
24 one political subdivision, each political subdivision must approve it by resolution.

25           (c)    The Secretary shall award financial assistance to a sponsor or a sponsor's  
26 designee:

27                   (1)    in the amount and of the type that the Secretary determines; and

28                   (2)    under the terms of a community legacy agreement.

29   6–305.

1 (a) (1) A small business, nonprofit organization, or microenterprise may  
2 apply for financial assistance under the Business Development Program.

3 (2) The Department shall review each application.

4 (b) An applicant may qualify for financial assistance for a project in a  
5 sustainable community if the application demonstrates that:

6 (1) except for a microenterprise project, the project has significant  
7 commitments for financing from other private and nonstate public sources that are  
8 sufficient to complete the project with the money from the Fund;

9 (2) the financial assistance from the Fund is the minimum amount  
10 necessary to make the project financially feasible;

11 (3) the project is ready to proceed when it receives financial assistance  
12 from the Business Development Program; and

13 (4) the political subdivision has adopted a resolution, or its authorized  
14 designee has delivered a letter to the Business Development Program, that expresses  
15 support for the project.

16 (c) Financial assistance under the Business Development Program may be  
17 provided to a small business, nonprofit organization, or microenterprise as:

18 (1) a grant;

19 (2) a loan;

20 (3) a reduction in the principal obligation of or interest rate on a loan  
21 or portion of a loan;

22 (4) a prepayment of interest on a subordinate or superior loan or  
23 portion of a loan;

24 (5) an assurance;

25 (6) a guarantee; or

26 (7) any other form of credit enhancement.

27 **Chapter 487 of the Acts of 2010**

28 SECTION 2. AND BE IT FURTHER ENACTED, That any community legacy  
29 area approved by the Community Legacy Board prior to [January 1, 2008] **JUNE 1,**  
30 **2010**, shall be considered a sustainable community [for 24 months after the effective  
31 date of this Act, and any community legacy area approved by the Community Legacy

1 Board on or after January 1, 2008, shall be considered a sustainable community for 36  
2 months after the effective date of this Act] **UNTIL DECEMBER 31, 2013.**

3 SECTION 4. AND BE IT FURTHER ENACTED, That any designated  
4 neighborhood approved by the Secretary of Housing and Community Development  
5 prior to [the effective date of this Act] **JUNE 1, 2010**, shall be considered a  
6 sustainable community [for 24 months after the effective date of this Act] **UNTIL**  
7 **DECEMBER 31, 2013.**

8 SECTION 5. AND BE IT FURTHER ENACTED, That [within 24 months after  
9 the effective date of this Act] **ON OR BEFORE DECEMBER 31, 2013**, a sponsor shall  
10 file an application to redesignate any approved designated neighborhood as a  
11 sustainable community under §§ 6-204 and 6-205 of the Housing and Community  
12 Development Article for projects to be eligible for financial assistance under § 6-305(b)  
13 of the Housing and Community Development Article, as enacted by Section 1 of this  
14 Act.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 October 1, 2012.