

SENATE BILL 754

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9lr2696
CF 9lr1641

By: **Senators Peters, Griffith, King, Rosapepe, and Zucker**

Introduced and read first time: February 4, 2019

Assigned to: Education, Health, and Environmental Affairs and Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **National Capital Strategic Economic Development Program – Established**

3 FOR the purpose of establishing the National Capital Strategic Economic Development
4 Program; providing for the administration and purpose of the Program; establishing
5 the type of community enhancement projects eligible to receive Program funds;
6 authorizing certain housing authorities and certain community development
7 organizations to apply to receive Program funds; requiring an eligible institution's
8 application to contain certain information; providing that community enhancement
9 projects may be located in more than one political subdivision; requiring the
10 Department of Housing and Community Development to establish a certain
11 quantitative system to evaluate each application; providing for the review of each
12 application; requiring certain notification to certain political subdivisions before an
13 application may be approved; requiring the Department and the recipient of Program
14 funds to enter into a certain agreement; authorizing the Department to exercise
15 certain powers necessary to implement the Program and determine certain terms
16 and conditions of the financial assistance; requiring the recipient of financial
17 assistance from the Program to submit a certain quarterly progress report; altering
18 the purpose and use of the National Capital Strategic Economic Development Fund;
19 requiring the Governor, in certain fiscal years, to include certain appropriations in
20 the annual operating budget to the Fund; requiring the Governor, in certain fiscal
21 years, to include certain appropriations in the annual capital budget bill for the
22 Fund; defining certain terms; and generally relating to the establishment of the
23 National Capital Strategic Economic Development Program.

24 BY renumbering

25 Article – Housing and Community Development

26 Section 4–510

27 to be Section 6–710

28 Annotated Code of Maryland

29 (2006 Volume and 2018 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to
 2 Article – Housing and Community Development
 3 Section 6–701 through 6–709 to be under the new subtitle “Subtitle 7. National
 4 Capital Strategic Economic Development Program”
 5 Annotated Code of Maryland
 6 (2006 Volume and 2018 Supplement)

7 BY repealing and reenacting, with amendments,
 8 Article – Housing and Community Development
 9 Section 6–710
 10 Annotated Code of Maryland
 11 (2006 Volume and 2018 Supplement)
 12 (As enacted by Section 1 of this Act)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 14 That Section(s) 4–510 of Article – Housing and Community Development of the Annotated
 15 Code of Maryland be renumbered to be Section(s) 6–710.

16 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
 17 as follows:

18 **Article – Housing and Community Development**

19 **SUBTITLE 7. NATIONAL CAPITAL STRATEGIC ECONOMIC DEVELOPMENT**
 20 **PROGRAM.**

21 **6–701.**

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

24 (B) “COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION” HAS THE
 25 MEANING STATED IN 12 U.S.C. § 4702.

26 (C) “COMMUNITY DEVELOPMENT ORGANIZATION” MEANS AN ENTITY THAT
 27 MEETS THE REQUIREMENTS UNDER § 6–704 OF THIS SUBTITLE.

28 (D) (1) “FINANCIAL ASSISTANCE” MEANS A GRANT, A LOAN, OR AN
 29 INVESTMENT PROVIDED UNDER THIS SUBTITLE.

30 (2) “FINANCIAL ASSISTANCE” INCLUDES:

31 (I) AN ASSURANCE;

32 (II) A GUARANTEE;

1 (III) A PREPAYMENT OF INTEREST ON A SUBORDINATE OR
2 SUPERIOR LOAN OR PORTION OF A LOAN;

3 (IV) A REDUCTION IN THE PRINCIPAL OBLIGATION OF OR RATE
4 OF INTEREST PAYABLE ON A LOAN OR A PORTION OF A LOAN; AND

5 (V) ANY OTHER FORM OF CREDIT ENHANCEMENT.

6 (E) "NATIONAL CAPITAL REGION" MEANS THE AREA CONTAINING
7 MONTGOMERY COUNTY AND PRINCE GEORGE'S COUNTY.

8 (F) "PROGRAM" MEANS THE NATIONAL CAPITAL STRATEGIC ECONOMIC
9 DEVELOPMENT PROGRAM.

10 (G) "SUSTAINABLE COMMUNITY" MEANS AN AREA DESIGNATED AS A
11 SUSTAINABLE COMMUNITY UNDER § 6-205 OF THIS TITLE.

12 **6-702.**

13 (A) THERE IS A NATIONAL CAPITAL STRATEGIC ECONOMIC DEVELOPMENT
14 PROGRAM.

15 (B) THE DEPARTMENT SHALL ADMINISTER THE PROGRAM.

16 (C) THE PURPOSE OF THE PROGRAM IS TO:

17 (1) PROVIDE STRATEGIC INVESTMENT IN LOCAL HOUSING AND
18 BUSINESSES TO ENCOURAGE HEALTHY, SUSTAINABLE COMMUNITIES WITH A
19 GROWING TAX BASE AND ENHANCED QUALITY OF LIFE; AND

20 (2) FOCUS ON AREAS WHERE MODEST INVESTMENT AND
21 COORDINATED STRATEGIES WILL HAVE AN APPRECIABLE NEIGHBORHOOD
22 REVITALIZATION IMPACT.

23 **6-703.**

24 (A) THE COMMUNITY ENHANCEMENT PROJECTS ELIGIBLE TO RECEIVE
25 PROGRAM FUNDS INCLUDE:

26 (1) DOWN PAYMENT ASSISTANCE FOR HOMEBUYERS TO PURCHASE
27 AND REHABILITATE HOMES;

1 **(2) PROGRAMS TO ACQUIRE OR REHABILITATE VACANT OR BLIGHTED**
2 **PROPERTIES;**

3 **(3) PROGRAMS TO IMPROVE EXISTING RESIDENTIAL AND BUSINESS**
4 **PROPERTIES;**

5 **(4) PROGRAMS TO ACHIEVE ENERGY EFFICIENCY THROUGH**
6 **WEATHERIZATION AND ENERGY RETROFITS;**

7 **(5) DEVELOPMENT OF AFFORDABLE HOUSING;**

8 **(6) DEVELOPMENT OF MIXED-USE PROJECTS THAT COMBINE**
9 **HOUSING, RETAIL, AND OFFICE SPACE;**

10 **(7) DEVELOPMENT OR ENHANCEMENT OF COMMUNITY OPEN SPACE**
11 **OR PUBLIC INFRASTRUCTURE;**

12 **(8) WORKFORCE AND EMPLOYMENT DEVELOPMENT PROGRAMS; AND**

13 **(9) STRATEGIC DEMOLITION.**

14 **(B) PROGRAM FUNDS MAY BE USED FOR OPERATING COSTS NECESSARY TO**
15 **IMPLEMENT A COMMUNITY ENHANCEMENT PROJECT.**

16 **(C) THE SECRETARY MAY ESTABLISH ADDITIONAL COMMUNITY**
17 **ENHANCEMENT PROJECTS ELIGIBLE TO RECEIVE PROGRAM FUNDS.**

18 **6-704.**

19 **(A) (1) A HOUSING AUTHORITY LOCATED IN THE NATIONAL CAPITAL**
20 **REGION, AN ENTITY CONTROLLED DIRECTLY OR INDIRECTLY BY A HOUSING**
21 **AUTHORITY IN THE NATIONAL CAPITAL REGION, AND, SUBJECT TO PARAGRAPH (2)**
22 **OF THIS SUBSECTION, A COMMUNITY DEVELOPMENT ORGANIZATION ARE ELIGIBLE**
23 **TO APPLY FOR PROGRAM FUNDS.**

24 **(2) A CORPORATION, A FOUNDATION, OR ANY OTHER LEGAL ENTITY**
25 **IS A COMMUNITY DEVELOPMENT ORGANIZATION ELIGIBLE TO APPLY FOR PROGRAM**
26 **FUNDS IF:**

27 **(I) THE PURPOSE OF THE ORGANIZATION IS TO IMPLEMENT A**
28 **CLEAR REVITALIZATION STRATEGY IN A NEIGHBORHOOD OR SET OF**
29 **NEIGHBORHOODS WITHIN THE NATIONAL CAPITAL REGION OR THE**
30 **INNER-BELTWAY COMMUNITIES OF MONTGOMERY COUNTY AND PRINCE GEORGE'S**

1 COUNTY; AND

2 (II) NO PART OF THE ORGANIZATION'S NET EARNINGS INURES
3 TO THE BENEFIT OF A PRIVATE SHAREHOLDER OR AN INDIVIDUAL HOLDING AN
4 INTEREST IN THE ENTITY.

5 (B) THE ELIGIBLE INSTITUTION'S APPLICATION MUST CONTAIN A
6 NEIGHBORHOOD REVITALIZATION PLAN THAT INCLUDES COMMUNITY
7 ENHANCEMENT PROJECTS LOCATED WITHIN A SUSTAINABLE COMMUNITY.

8 (C) AN ELIGIBLE INSTITUTION MAY APPLY WITH ANOTHER ELIGIBLE
9 INSTITUTION OR WITH A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION THAT
10 HAS THE CAPACITY AND EXPERIENCE TO ASSIST IN THE FINANCING OF REAL ESTATE
11 PROJECTS WITHIN THE COMMUNITY.

12 (D) THE COMMUNITY ENHANCEMENT PROJECTS FOR WHICH AN ELIGIBLE
13 INSTITUTION APPLIES FOR PROGRAM FUNDS MAY BE LOCATED IN MORE THAN ONE
14 POLITICAL SUBDIVISION.

15 6-705.

16 (A) (1) A HOUSING AUTHORITY LOCATED IN THE NATIONAL CAPITAL
17 REGION, AN ENTITY CONTROLLED DIRECTLY OR INDIRECTLY BY A HOUSING
18 AUTHORITY IN THE NATIONAL CAPITAL REGION, AND A COMMUNITY DEVELOPMENT
19 ORGANIZATION MAY APPLY TO THE DEPARTMENT TO RECEIVE PROGRAM FUNDS
20 FOR COMMUNITY ENHANCEMENT PROJECTS.

21 (2) THE DEPARTMENT SHALL ESTABLISH THE APPLICATION
22 PROCESS.

23 (3) THE APPLICATION SHALL CONTAIN:

24 (I) THE NEIGHBORHOOD REVITALIZATION PLAN;

25 (II) A DESCRIPTION OF EACH COMMUNITY ENHANCEMENT
26 PROJECT;

27 (III) ORGANIZATIONAL DOCUMENTS FOR THE COMMUNITY
28 DEVELOPMENT ORGANIZATION; AND

29 (IV) ANY OTHER INFORMATION THE DEPARTMENT REQUIRES.

30 (B) (1) THE DEPARTMENT, BY REGULATION, SHALL ESTABLISH A

1 **QUANTITATIVE SYSTEM TO EVALUATE EACH APPLICATION.**

2 **(2) THE QUANTITATIVE EVALUATION SYSTEM SHALL EVALUATE EACH**
3 **APPLICATION BASED ON:**

4 **(I) THE NEIGHBORHOOD REVITALIZATION PLAN AND HOW THE**
5 **PLAN RELATES TO THE GOALS OUTLINED IN THE COMMUNITY'S LARGER**
6 **SUSTAINABLE COMMUNITIES PLAN;**

7 **(II) THE DESCRIPTION OF THE COMMUNITY CONDITIONS AND**
8 **THE APPROPRIATENESS OF OUTLINED STRATEGIES TO ADDRESS THOSE**
9 **CONDITIONS;**

10 **(III) THE ABILITY OF EACH PROPOSED COMMUNITY**
11 **ENHANCEMENT PROJECT TO ADDRESS IDENTIFIED CHALLENGES WITHIN THE**
12 **COMMUNITY; AND**

13 **(IV) THE CAPACITY AND EXPERIENCE OF THE APPLICANT AND**
14 **THE APPLICANT'S PARTNERS TO COMPLETE THE PROPOSALS AND LEVERAGE**
15 **ADDITIONAL FINANCING.**

16 **(C) THE DEPARTMENT MAY GIVE ADDITIONAL CONSIDERATION TO**
17 **APPLICATIONS THAT INCLUDE:**

18 **(1) OPPORTUNITIES THAT PROMOTE COMPACT REDEVELOPMENT**
19 **AND CONNECT HOUSING AND JOB OPPORTUNITIES WITH TRANSPORTATION**
20 **OPTIONS;**

21 **(2) ACTIVITIES IN SPECIALLY DESIGNATED DISTRICTS THAT**
22 **ENCOURAGE RESIDENTIAL REINVESTMENT THAT REINFORCES THE SUCCESS OF THE**
23 **BUSINESSES IN THE DISTRICTS;**

24 **(3) COMMUNITY ENHANCEMENT PROJECTS THAT ENCOURAGE OR**
25 **INCORPORATE ELEMENTS THAT ADDRESS ENVIRONMENTAL RESPONSIBILITY AND**
26 **STEWARDSHIP INTO THE SITE AND PROJECT DEVELOPMENT, DESIGN, AND**
27 **CONSTRUCTION;**

28 **(4) COMMUNITY ENHANCEMENT PROJECTS THAT INCORPORATE**
29 **ADDITIONAL STATE AND LOCAL REVITALIZATION AND SMART GROWTH PROGRAMS**
30 **AND FINANCING TOOLS;**

31 **(5) CAPITAL INVESTMENTS AND BUSINESS PRACTICES THAT**
32 **INCORPORATE INCLUSIONARY HIRING PRACTICES THAT INCREASE LOCAL**

1 WORKFORCE OPPORTUNITIES; AND

2 (6) PROJECTS WHOSE PURPOSE IS TO IDENTIFY FOR ACQUISITION,
3 ACQUIRE, DEVELOP, OR PROMOTE THE DEVELOPMENT OF VACANT OR BLIGHTED
4 PROPERTIES.

5 6-706.

6 (A) THE DEPARTMENT SHALL:

7 (1) REVIEW EACH APPLICATION SUBMITTED UNDER § 6-705 OF THIS
8 SUBTITLE AND MAY REQUEST ADDITIONAL INFORMATION FROM THE APPLICANT;

9 (2) ACCEPT PUBLIC INPUT ON EACH APPLICATION; AND

10 (3) CONSIDER THE RECOMMENDATION OF ANY STATE UNIT.

11 (B) (1) THE DEPARTMENT MAY NOT APPROVE AN APPLICATION UNTIL
12 THE DEPARTMENT HAS PROVIDED WRITTEN NOTICE AND A REASONABLE
13 OPPORTUNITY TO COMMENT TO THE POLITICAL SUBDIVISION WHERE THE
14 PROPOSED COMMUNITY ENHANCEMENT PROJECT IS LOCATED.

15 (2) IF THE APPLICATION AFFECTS A NEIGHBORHOOD ENTIRELY
16 WITHIN A MUNICIPAL CORPORATION, THE DEPARTMENT MUST PROVIDE NOTICE
17 AND A REASONABLE OPPORTUNITY TO COMMENT TO THE MUNICIPAL CORPORATION
18 AND NOT THE SURROUNDING COUNTY.

19 (3) IF AN APPLICATION AFFECTS A NEIGHBORHOOD WITHIN MORE
20 THAN ONE POLITICAL SUBDIVISION, THE DEPARTMENT MUST PROVIDE NOTICE AND
21 A REASONABLE OPPORTUNITY TO COMMENT TO EACH POLITICAL SUBDIVISION.

22 (C) THE SECRETARY SHALL, SUBJECT TO SUBSECTION (B) OF THIS
23 SECTION, AWARD FINANCIAL ASSISTANCE TO AN APPLICANT:

24 (1) IN THE AMOUNT AND OF THE TYPE THAT THE SECRETARY
25 DETERMINES; AND

26 (2) UNDER THE TERMS OF A PROGRAM AGREEMENT.

27 6-707.

28 (A) THE DEPARTMENT AND A RECIPIENT OF FINANCIAL ASSISTANCE FROM
29 THE PROGRAM SHALL EXECUTE A PROGRAM AGREEMENT.

1 (III) PURCHASE PROPERTY AT ANY FORECLOSURE OR OTHER
2 SALE, OR ACQUIRE OR TAKE POSSESSION OF THE PROPERTY THROUGH
3 CONVEYANCE IN LIEU OF FORECLOSURE OR OTHERWISE, AND CONVEY PROPERTY
4 AFTER ACQUIRING IT;

5 (IV) SETTLE OR COMPROMISE ANY DEBT OR OBLIGATION OWED
6 TO THE DEPARTMENT;

7 (V) PAY THE PRINCIPAL OF AND INTEREST ON ANY OBLIGATION
8 INCURRED IN CONNECTION WITH THE PROPERTY AND DISPOSE OF OR OTHERWISE
9 DEAL WITH THE PROPERTY TO PROTECT THE INTERESTS OF THE PROGRAM; OR

10 (VI) RELEASE OR SELL ANY MORTGAGE, OBLIGATION, OR
11 PROPERTY THAT THE DEPARTMENT HOLDS AT PUBLIC OR PRIVATE SALE, WITH OR
12 WITHOUT PUBLIC BIDDING.

13 (D) (1) THE DEPARTMENT MAY CONTRACT WITH ANY PERSON OR
14 GOVERNMENTAL UNIT FOR PROPERTY OR SERVICES NECESSARY TO OPERATE THE
15 PROGRAM.

16 (2) THE DEPARTMENT MAY CONTRACT FOR AND ACCEPT ANY GRANT,
17 CONTRIBUTION, OR LOAN OF MONEY, PROPERTY, OR OTHER AID FROM THE
18 FEDERAL GOVERNMENT AND MAY DO ALL THINGS CONSISTENT WITH THIS SUBTITLE
19 TO QUALIFY FOR THE AID.

20 (E) IN CONNECTION WITH ANY LOANS THAT THE DEPARTMENT MAKES, THE
21 DEPARTMENT MAY:

22 (1) REQUIRE AND OBTAIN APPRAISALS, CREDIT INFORMATION, AND
23 OTHER PERTINENT INFORMATION; AND

24 (2) CHARGE INTEREST.

25 (F) THE DEPARTMENT MAY CONSENT TO THE MODIFICATION OF ANY
26 PROVISION OF A PROGRAM AGREEMENT IF THE MODIFICATION IS IN THE BEST
27 INTEREST OF THE PROGRAM.

28 **6-709.**

29 (A) THE RECIPIENT OF FINANCIAL ASSISTANCE FROM THE PROGRAM
30 SHALL SUBMIT TO THE DEPARTMENT QUARTERLY PROGRESS REPORTS ON THE
31 DEVELOPMENT OF A COMMUNITY ENHANCEMENT PROJECT.

1 **(B) (1) ON OR BEFORE OCTOBER 31 EACH YEAR, THE DEPARTMENT**
2 **SHALL SUBMIT A REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE**
3 **STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.**

4 **(2) THE REPORT SHALL INCLUDE, FOR THE PREVIOUS FISCAL YEAR:**

5 **(I) THE NUMBER OF APPLICATIONS RECEIVED;**

6 **(II) THE NUMBER AND LOCATION OF COMMUNITY**
7 **ENHANCEMENT PROJECTS;**

8 **(III) THE FINANCIAL STATUS OF THE PROGRAM, INCLUDING THE**
9 **AMOUNT AND TYPES OF FINANCIAL ASSISTANCE ENCUMBERED AND DISBURSED;**
10 **AND**

11 **(IV) A SUMMARY OF THE QUARTERLY REPORTS SUBMITTED**
12 **UNDER SUBSECTION (A) OF THIS SECTION.**

13 6-710.

14 (a) In this section, "Fund" means the National Capital Strategic Economic
15 Development Fund.

16 (b) There is a National Capital Strategic Economic Development Fund.

17 (c) The purpose of the Fund is to provide [grants to assist in predevelopment
18 activities for commercial and residential development, including site acquisition, land
19 assembly, architecture and engineering, and site development for revitalization in
20 designated areas of the State] **FINANCIAL ASSISTANCE UNDER THE PROGRAM.**

21 (d) The Department shall administer the Fund.

22 (e) (1) The Fund is a special, nonlapsing fund that is not subject to § 7-302 of
23 the State Finance and Procurement Article.

24 (2) The State Treasurer shall hold the Fund separately, and the
25 Comptroller shall account for the Fund.

26 (f) The Fund consists of:

27 (1) money appropriated in the State budget to the Fund;

28 (2) interest earnings of the Fund; and

29 (3) any other money from any other source accepted for the benefit of the

1 Fund.

2 (g) [(1) (i)] The Fund may be used only [to provide grants to government
3 agencies and nonprofit community development organizations for commercial or residential
4 development projects for site acquisition, land assembly, architecture and engineering, and
5 site development for revitalization in an area designated as a Sustainable Community.

6 (ii) Commercial and residential development projects include:

- 7 1. renovation and rehabilitation of single family homes;
- 8 2. acquisition and rehabilitation of vacant homes for resale
9 to new homebuyers;
- 10 3. improvements to business properties;
- 11 4. enhancement of community open space or public
12 infrastructure; and
- 13 5. workforce and employment development programs.

14 (2) (i) For fiscal year 2019 and each fiscal year thereafter, to be eligible
15 for a grant from the Fund, a government agency or nonprofit community development
16 organization shall provide evidence of a matching fund that is equal to \$1 for every \$4 in
17 State funding that the agency or organization is applying for from the Fund.

18 (ii) The matching fund required under subparagraph (i) of this
19 paragraph may include:

- 20 1. money from the federal government, local government, or
21 any other public or private source;
- 22 2. real property;
- 23 3. in-kind contributions; and
- 24 4. funds expended before the date the grant is awarded.

25 (3) The Department shall award grants from the Fund on a competitive
26 basis] **FOR PROVIDING FINANCIAL ASSISTANCE UNDER THE PROGRAM.**

27 (h) (1) The State Treasurer shall invest the money of the Fund in the same
28 manner as other State money may be invested.

29 (2) Any interest earnings of the Fund shall be credited to the Fund.

30 (i) Expenditures from the Fund may be made only in accordance with the State

1 budget.

2 (j) [If the Governor includes in the annual budget bill an appropriation to the
3 Fund, the appropriation shall be allocated as follows:

4 (1) 85% for projects in those areas of the State located between Interstate
5 Highway 495 and the District of Columbia; and

6 (2) 15% for projects throughout the State.]

7 **(1) FOR FISCAL YEARS 2021 THROUGH 2025, THE GOVERNOR SHALL**
8 **INCLUDE IN THE ANNUAL OPERATING BUDGET AN APPROPRIATION FOR THE FUND**
9 **IN THE AMOUNT OF \$200,000.**

10 **(2) FOR FISCAL YEARS 2021 THROUGH 2025, THE GOVERNOR SHALL**
11 **INCLUDE IN THE CAPITAL BUDGET BILL AN APPROPRIATION FOR THE FUND IN THE**
12 **AMOUNT OF \$7,000,000.**

13 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 October 1, 2019.