
By: Chairman, Economic Matters Committee (Departmental - Housing and Community Development)

Introduced and read first time: February 14, 1996

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Housing and Community Development - Reorganization**

3 FOR the purpose of reorganizing the Department of Housing and Community
4 Development by abolishing a certain division in the Department and creating a
5 certain new division in the Department; transferring certain functions and
6 responsibilities to certain divisions in the Department; correcting certain references
7 to certain entities; abolishing the Commission to Save the Lighthouses and
8 Lighthouse Preservation Special Fund; transferring certain moneys in the
9 Lighthouse Preservation Special Fund to a certain grant fund; defining certain
10 terms; making provisions of this Act severable; and generally relating to the
11 reorganization of the Department of Housing and Community Development.

12 BY renumbering

13 Article 83B - Department of Housing and Community Development
14 Section 2-203(j) through (cc), respectively
15 to be Section 2-203(k) through (dd), respectively
16 Annotated Code of Maryland
17 (1995 Replacement Volume)

18 BY repealing and reenacting, with amendments,

19 Article 83B - Department of Housing and Community Development
20 Section 1-101 and 1-204(a); 2-101(b), 2-313(a) and (b), 2-505(a), 2-613(a),
21 2-708(a), 2-805(a); 2-1006(a) to be under the amended title "Title 2. Division
22 of Development Finance"; 3-101 to be under the amended title "Title 3.
23 Division of Credit Assurance"; 4-301 through 4-306 to be under the amended
24 subtitle "Subtitle 13. Neighborhood Housing Services Fund" in Title 2; 2-1301
25 through 2-1308, inclusive, to be under the amended subtitle "Subtitle 2.
26 Neighborhood Business Development Program" in Title 4; 4-401 to be under
27 the amended subtitle "Title 12. Community Action Agencies"; 4-501 through
28 4-503 to be under the amended subtitle "Title 13. Maryland State
29 Appalachian Housing Fund"
30 Annotated Code of Maryland
31 (1995 Replacement Volume)

2

1 BY repealing and reenacting, without amendments,
2 Article 83B - Department of Housing and Community Development
3 Section 2-203(a)
4 Annotated Code of Maryland
5 (1995 Replacement Volume)

6 BY repealing
7 Article 83B - Department of Housing and Community Development
8 Section 4-101; 4-201 and 4-202 and the subtitle "Subtitle 2. Community
9 Development Assistance Administration"; 4-601 through 4-611, inclusive, and
10 the subtitle "Subtitle 6. State Action Loans for Targeted Area Programs"; and
11 5-614.1
12 Annotated Code of Maryland
13 (1995 Replacement Volume)

14 BY adding to
15 Article 83B - Department of Housing and Community Development
16 Section 1-206, 2-203(j), 2-204(17); and 4-101 to be under the amended title "Title
17 4. Division of Neighborhood Revitalization"
18 Annotated Code of Maryland
19 (1995 Replacement Volume)

20 BY repealing
21 Article 41 - Governor - Executive and Administrative Departments
22 Section 18-301
23 Annotated Code of Maryland
24 (1993 Replacement Volume and 1995 Supplement)

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
26 MARYLAND, That Section(s) 2-203(j) through (cc), respectively, of Article 83B -
27 Department of Housing and Community Development of the Annotated Code of
28 Maryland be renumbered to be Section(s) 2-203(k) through (dd), respectively.

29 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 4-101; 4-201
30 and 4-202 and the subtitle "Subtitle 2. Community Development Assistance
31 Administration"; 4-601 through 4-611, inclusive, and the subtitle "Subtitle 6. State
32 Action Loans for Targeted Area Programs"; and 5-614.1 of Article 83B - Department of
33 Housing and Community Development of the Annotated Code of Maryland be repealed.

34 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
35 read as follows:

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

37 1-101.

38 (a) In this article the following words have the FOLLOWING meanings UNLESS
39 OTHERWISE indicated.

1 (B) "COMMUNITY ASSISTANCE" MEANS ACTIVITIES DESIGNED TO ENHANCE
2 THE PHYSICAL, SOCIAL OR ECONOMIC ENVIRONMENT OF A COMMUNITY IN ORDER
3 TO IMPROVE THE HEALTH, SAFETY, OR SOCIO-ECONOMIC WELFARE OF ITS
4 CITIZENS, INCLUDING THE PROMOTION OF SUCH ACTIVITIES THROUGH THE
5 CONCENTRATION AND COORDINATION OF FEDERAL, STATE, REGIONAL, AND
6 LOCAL PUBLIC AND PRIVATE RESOURCES IN MARYLAND'S COMMUNITIES.

7 (C) "COUNTY" MEANS ONE OF THE 23 COUNTIES OF MARYLAND, AND THE
8 MAYOR AND CITY COUNCIL OF BALTIMORE.

9 [(b)] (D) "Department" means the Department of Housing and Community
10 Development.

11 (E) "FINANCIAL ASSISTANCE" MEANS ANY FORM OF ASSURANCE,
12 GUARANTEE, GRANT, PAYMENT, OR OTHER ASSISTANCE, INCLUDING A LOAN, LOAN
13 GUARANTEE, OR REDUCTION IN THE PRINCIPAL OBLIGATIONS OF OR RATE OF
14 INTEREST PAYABLE ON A LOAN OR PORTION OF A LOAN.

15 (F) "LOCAL PUBLIC AGENCY" MEANS ANY BOARD, COMMISSION, AGENCY,
16 DEPARTMENT, OR AUTHORITY OF ANY MUNICIPALITY OR COUNTY FOR THE
17 PURPOSE OF CARRYING OUT COMMUNITY ASSISTANCE ACTIVITIES, PROJECTS, OR
18 PROGRAMS.

19 (G) "NEIGHBORHOOD OR COMMUNITY ORGANIZATION" MEANS ANY
20 NONPROFIT ORGANIZATION PERFORMING COMMUNITY SERVICES AND OFFERING
21 NEIGHBORHOOD ASSISTANCE.

22 (H) "NONPROFIT ORGANIZATION" MEANS A CORPORATION, FOUNDATION,
23 OR OTHER LEGAL ENTITY, NO PART OF THE NET EARNINGS OF WHICH INURES TO
24 THE BENEFIT OF ANY PRIVATE SHAREHOLDER OR INDIVIDUAL HOLDING AN
25 INTEREST IN SUCH ENTITY.

26 [(c)] (I) "Secretary" means the Secretary of Housing and Community
27 Development.

28 [(d)] (J) "State" means the State of Maryland.

29 (K) "TECHNICAL ASSISTANCE" MEANS THE PROVISION OF ADVISORY,
30 CONSULTATIVE, TRAINING, INFORMATION, DESIGN, ARCHITECTURAL,
31 ORGANIZATION, OR MANAGEMENT ASSISTANCE TO ANY MUNICIPALITY, COUNTY,
32 REGIONAL ORGANIZATION, NONPROFIT ORGANIZATION, LOCAL PUBLIC AGENCY,
33 OR NEIGHBORHOOD OR COMMUNITY ORGANIZATION IN ORDER TO ASSIST OR
34 CARRY OUT COMMUNITY ASSISTANCE ACTIVITIES, PROJECTS, OR PROGRAMS.

35 1-204.

36 (a) The following agencies, boards, commissions, councils, corporations,
37 authorities, trusts, and divisions shall be included within the Department:

38 (1) Division of [Housing] DEVELOPMENT Finance;

39 (2) Maryland Housing Policy Commission;

40 (3) Community Development Administration;

4

1 (4) Division of [Housing] Credit Assurance;

2 (5) Maryland Housing Fund;

3 (6) Division of [Community Assistance] NEIGHBORHOOD
4 REVITALIZATION;

5 (7) Division of Historical and Cultural Programs;

6 (8) Historic St. Mary's City Commission;

7 (9) Commission on [Afro-American] AFRICAN AMERICAN History and
8 Culture;

9 (10) Commission on Indian Affairs; and

10 (11) Maryland Historical Trust.

11 1-206.

12 THE DEPARTMENT SHALL HAVE THE FOLLOWING FUNCTIONS AND
13 RESPONSIBILITIES:

14 (1) ENCOURAGE AND ASSIST THE EFFORTS OF COUNTIES AND
15 MUNICIPAL CORPORATIONS AND OTHER PUBLIC AND PRIVATE COMMUNITY
16 ORGANIZATIONS TO DEVELOP MUTUAL AND COOPERATIVE SOLUTIONS TO THEIR
17 COMMON PROBLEMS;

18 (2) SERVE AS A CLEARINGHOUSE FOR INFORMATION, DATA, AND
19 OTHER MATERIALS THAT MAY BE PERTINENT TO SOUND COMMUNITY ASSISTANCE,
20 INCLUDING INFORMATION ON AVAILABLE FEDERAL, STATE, AND PRIVATE
21 FINANCIAL ASSISTANCE AND TECHNICAL ASSISTANCE;

22 (3) IMPLEMENT MODEL OR DEMONSTRATION PROGRAMS AND
23 PROJECTS OR OTHERWISE PROVIDE A PROGRAM OF PRACTICAL RESEARCH IN
24 COMMUNITY ASSISTANCE;

25 (4) PROVIDE GRANTS AND LOANS FACILITATING ENERGY
26 CONSERVATION AND UTILIZATION OF SOLAR ENERGY IN COMMERCIAL AND
27 RESIDENTIAL BUILDINGS;

28 (5) PROVIDE ADVISORY, CONSULTATIVE, TRAINING, EDUCATIONAL
29 SERVICES, AND TECHNICAL ASSISTANCE TO ANY MUNICIPAL CORPORATION,
30 COUNTY, LOCAL PUBLIC AGENCY, OR NONPROFIT ORGANIZATION IN ORDER TO
31 CARRY OUT COMMUNITY ASSISTANCE PURPOSES;

32 (6) CONTRACT FOR AND ACCEPT ANY GIFT, GRANT, CONTRIBUTION, OR
33 LOAN OF FUNDS, PROPERTY, OR OTHER AID IN ANY FORM FOR COMMUNITY
34 ASSISTANCE FROM ANY AGENCY OR INSTRUMENTALITY OF THE STATE OR
35 FEDERAL GOVERNMENT, OR FROM ANY OTHER SOURCE, AND COMPLY WITH THE
36 TERMS AND CONDITIONS THEREOF;

37 (7) ATTACH SPECIFIC TERMS AND CONDITIONS TO ANY FINANCIAL
38 ASSISTANCE AS MAY BE DETERMINED BY THE SECRETARY;

5

1 (8) PARTICIPATE WITH MUNICIPAL GOVERNMENTS, COUNTIES,
2 REGIONAL GOVERNMENTS, ORGANIZATIONS, AND THE FEDERAL GOVERNMENT IN
3 THE DEVELOPMENT, FINANCING, AND IMPLEMENTATION OF A PROGRAM DESIGNED
4 TO BUILD THE MANAGEMENT CAPABILITIES OF MUNICIPAL GOVERNMENTS BY
5 SUPPLYING NEEDED MANAGERIAL EXPERTISE THROUGH CIRCUIT RIDING
6 MANAGERS TO MUNICIPAL CORPORATIONS; AND

7 (9) ADMINISTER PROGRAMS OF THE FEDERAL GOVERNMENT
8 RELATING TO COMMUNITY ASSISTANCE.

9 Title 2. Division of [Housing] DEVELOPMENT Finance.

10 Subtitle 1. Division Established.

11 2-101.

12 (b) The Division of Development Finance includes:

13 (1) The Community Development Administration;

14 (2) The Maryland Housing Rehabilitation Program;

15 (3) The Rental Housing Production Program;

16 (4) The Maryland Home Financing Program;

17 (5) The Group Home Financing Program;

18 (6) The Elderly Rental Housing Program;

19 (7) The Settlement Expense Loan Program;

20 (8) The Partnership Rental Housing Program;

21 (9) The Operating Assistance Grant Demonstration Projects; [and]

22 (10) [The Neighborhood Business Development Program] FEDERAL AND
23 STATE WEATHERIZATION PROGRAMS;

24 (11) THE LOCAL GOVERNMENT INFRASTRUCTURE PROGRAM; AND

25 (12) THE NEIGHBORHOOD HOUSING SERVICES FUND.

26 2-203.

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

28 (J) "ELIGIBLE HOUSEHOLDS" MEANS HOUSEHOLDS THAT QUALIFY FOR
29 WEATHERIZATION PROGRAM ALLOTMENTS BASED ON INCOME AND PROGRAM
30 ELIGIBILITY GUIDELINES ESTABLISHED BY THE SECRETARY.

6

1 2-204.

2 The Administration shall have the following functions and responsibilities:

3 (17) DEVELOP AND IMPLEMENT A WEATHERIZATION PROGRAM TO
4 PROVIDE FUNDS FOR INSULATION MATERIALS AND INSULATION COSTS TO
5 ELIGIBLE HOUSEHOLDS IN THE STATE.

6 2-313.

7 (a) Rehabilitation loans under the Multifamily Rehabilitation Program and
8 nonprofit rehabilitation loans shall be funded with moneys in the Rental Housing
9 Programs Fund, which fund shall be a continuing, nonlapsing special fund consisting of:

10 (1) Moneys appropriated by the State for rental housing programs, including
11 the Rental Housing Production Program authorized by Subtitle 5 of this title, the Elderly
12 Rental Housing Program authorized by Subtitle 8 of this title, the Nonprofit
13 Rehabilitation Program authorized by § 2-305 of this subtitle, and the Multifamily
14 Rehabilitation Program as authorized by § 2-303 of this subtitle;

15 (2) Repayments and prepayments of loans made under such Program, both
16 prior to and after July 1, 1989; and

17 (3) Moneys transferred to the Fund in accordance with subsection (j) of this
18 section and §§ 2-613(d), 2-708(d), 2-1006(e), and [2-1307(d) of this title] 4-207(D) OF
19 THIS ARTICLE.

20 (b) Rehabilitation loans under the Regular Rehabilitation Program and special
21 loans made under the special loan programs shall be funded with moneys in the Special
22 Loan Programs Fund, which fund shall be a continuing, nonlapsing special fund consisting
23 of:

24 (1) Moneys appropriated by the State for special loan programs, including
25 the Special Rehabilitation Program authorized under § 2-303 of this subtitle, the Group
26 Home Financing Program authorized under Subtitle 7 of this title, and the Regular
27 Rehabilitation Program as authorized under § 2-303 of this subtitle;

28 (2) Repayments and prepayments of loans made under such programs, both
29 prior to and after July 1, 1989; and

30 (3) Moneys transferred to the Fund in accordance with subsection (j) of this
31 section and §§ 2-505(d), 2-613(d), 2-805(d), 2-1006(e), and [2-1307(d) of this title]
32 4-207(D) OF THIS ARTICLE.

33 2-505.

34 (a) The Program shall be operated with moneys in the Rental Housing Programs
35 Fund, which Fund shall be a continuing, nonlapsing special fund consisting of:

36 (1) Moneys appropriated by the State for rental housing programs, including
37 the Rental Housing Production Program authorized by this subtitle, the Elderly Rental
38 Housing Program authorized by Subtitle 8 of this title, the Nonprofit Rehabilitation
39 Program authorized by § 2-305 of this title, and the Multifamily Maryland Housing
40 Rehabilitation Program as authorized by § 2-303 of this title;

7

1 (2) Repayments and prepayments of loans made under such programs, both
2 prior to and after July 1, 1989; and

3 (3) Moneys transferred to the Fund in accordance with §§ 2-613(d),
4 2-708(d), 2-313(j), 2-1006(e), and [2-1307(d) of this title] 4-207(D) OF THIS ARTICLE.

5 2-613.

6 (a) The Program shall be operated with moneys in the Homeownership Programs
7 Fund, which Fund shall be a continuing, nonlapsing special fund consisting of:

8 (1) Moneys appropriated by the State for homeownership programs,
9 including the Maryland Home Financing Program authorized under this subtitle and the
10 Settlement Expense Loan Program authorized under Subtitle 10 of this title;

11 (2) Any moneys received from the sale of the State's general obligation
12 bonds;

13 (3) Repayments or prepayments of principal and interest on loans made
14 under the Program, or under the Homeowners' Emergency Mortgage Assistance
15 Program, the Reverse Equity Program, or the Maryland Home Financing Program prior
16 to July 1, 1989, or under the Settlement Expense Loan Program prior to or after July 1,
17 1989;

18 (4) All moneys credited to the Reverse Equity Program or the Homeowners'
19 Emergency Mortgage Assistance Program which moneys shall be transferred to the
20 Homeownership Programs Fund as of July 1, 1989; and

21 (5) Any moneys transferred to the Fund in accordance with §§ 2-313(j),
22 2-505(d), 2-708(d), 2-805(d), and [2-1307(d) of this title] 4-207(D) OF THIS ARTICLE.

23 2-708.

24 (a) The Program shall be operated with moneys in the Special Loan Programs
25 Fund, which Fund shall be a continuing, nonlapsing special fund consisting of:

26 (1) Moneys appropriated by the State for the Special Maryland Housing
27 Rehabilitation Program authorized under § 2-303 of this title, the Group Home
28 Financing Program authorized under this subtitle, and the regular Maryland Housing
29 Rehabilitation Program authorized under § 2-303 of this title;

30 (2) Repayments and prepayments of loans made under such programs, both
31 prior to and after July 1, 1989; and

32 (3) Moneys transferred to the Fund in accordance with §§ 2-313(j),
33 2-505(d), 2-613(d), 2-805(d), 2-1006(e), and [2-1307(d) of this title] 4-207(D) OF THIS
34 ARTICLE.

35 2-805.

36 (a) The Program shall be operated with moneys in the Rental Housing Programs
37 Fund, which Fund shall be a continuing, nonlapsing special fund consisting of:

38 (1) Moneys appropriated by the State for rental housing programs, including
39 the Elderly Rental Housing Program authorized by this subtitle, the Rental Housing

8

1 Production Program authorized by Subtitle 5 of this title, the Nonprofit Rehabilitation
2 Program authorized by § 2-305 of this title, and the Multifamily Maryland Housing
3 Rehabilitation Program as authorized by § 2-303 of this title;

4 (2) Repayments and prepayments of loans made under such programs, both
5 prior to and after July 1, 1989; and

6 (3) Moneys transferred to the Rental Housing Programs Fund in
7 accordance with §§ 2-313(j), 2-613(d), 2-1006(e), 2-708(d), and [2-1307(d) of this title]
8 4-207(D) OF THIS ARTICLE.

9 2-1006.

10 (a) The Program shall be operated with moneys in the Homeownership Programs
11 Fund, which Fund shall be a continuing, nonlapsing fund consisting of:

12 (1) Moneys appropriated by the State for homeownership programs,
13 including the Maryland Home Financing Program authorized by Subtitle 6 of this title
14 and the Settlement Expense Loan Program authorized by this subtitle;

15 (2) Repayments and prepayments of loans made under such programs, both
16 prior to and after July 1, 1989;

17 (3) Moneys transferred to the Fund in accordance with §§ 2-313(j),
18 2-505(d), 2-708(d), 2-805(d), and [2-1307(d) of this title] 4-207(D) OF THIS ARTICLE;
19 and

20 (4) All other moneys referred to in § 2-613(a) of this title which are not
21 otherwise set forth in this subsection.

22 [Subtitle 3.] SUBTITLE 13. Neighborhood Housing Services Fund.

23 [4-301.] 2-1301.

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

25 (b) "Fund" means the Neighborhood Housing Services Fund.

26 (c) "Operating budget" means all those funds necessary for administrative,
27 technical, legal or other expenses of operating a neighborhood housing services
28 corporation, including the expenses incurred by an umbrella corporation in operating
29 neighborhood housing services programs, excluding funds allocated to revolving or other
30 loan funds.

31 (d) "Political subdivision" means a county or municipal corporation.

32 (e) "Neighborhood Housing Services Corporation" means a neighborhood
33 housing services corporation established in connection with the National Neighborhood
34 Reinvestment Corporation.

35 (f) "Neighborhood Housing Services Program" means a program which is
36 established and supervised by a neighborhood housing services corporation for the
37 purpose of administering the corporation's goals and services within a specific
38 neighborhood.

9

1 (g) "Umbrella corporation" means a neighborhood housing services corporation
2 which establishes and supervises 2 or more neighborhood housing services programs.

3 [4-302.] 2-1302.

4 There is a Neighborhood Housing Services Fund administered by the Department.

5 [4-303.] 2-1303.

6 (a) (1) The Department shall make grants to eligible neighborhood housing
7 services corporations pursuant to the terms of subsections (b) and (c) of this section.

8 (2) An umbrella corporation shall also be eligible for a grant for each
9 neighborhood housing services program under its supervision.

10 (b) (1) Each eligible neighborhood housing services corporation may apply for a
11 grant in an amount not to exceed one-third of its annual operating budget or \$50,000,
12 whichever is less.

13 (2) Each umbrella corporation may apply for a grant for each of its
14 neighborhood housing services programs in an amount not to exceed one-third of the
15 neighborhood housing services program's annual operating budget or \$50,000, whichever
16 is less.

17 (c) If in any fiscal year the total amount of grant applications received by the
18 Department exceeds the total amount of the Fund, the Secretary shall reduce each
19 eligible applicant's grant on a pro rata basis in order not to exceed the total dollar amount
20 of the Fund appropriated for that fiscal year.

21 [4-304.] 2-1304.

22 A neighborhood housing services corporation or umbrella corporation shall be
23 eligible for a grant upon meeting all of the following requirements:

24 (1) Timely submission of an application in the form prescribed by the
25 Secretary, which application shall include:

26 (i) A description of the geographic boundaries served by the
27 Neighborhood Housing Services Corporation or Neighborhood Housing Services
28 Program;

29 (ii) Certification that the applicant is currently registered with the
30 Neighborhood Reinvestment Corporation;

31 (iii) Certification of incorporation under the laws of the State;

32 (iv) Certification of receipt of a current ruling from the Internal
33 Revenue Service of the United States Department of the Treasury that the applicant is an
34 organization which is exempt from federal income taxation;

35 (v) Certification that the remaining two-thirds portion of the
36 applicant's annual operating budget has been provided exclusively from political
37 subdivisions or private sources; and

38 (vi) Other requirements as may be required by the Secretary;

10

1 (2) Creation of a Board of Directors composed of a member of the General
2 Assembly, neighborhood residents, representatives of local financial institutions and
3 where not inconsistent with local law, representatives of local political subdivisions;

4 (3) Authorization to establish and administer a revolving loan fund to make
5 loans at flexible rates and terms to neighborhood homeowners who are unable to obtain
6 mortgage financing on reasonable terms through normal lending channels for the
7 purposes of preserving or revitalizing neighborhoods and to encourage homeownership;
8 and

9 (4) Authorization to administer and to establish, in cooperation with
10 appropriate officials of the political subdivision, a housing program to bring
11 neighborhood dwellings to acceptable levels of health and safety.

12 [4-305.] 2-1305.

13 The Secretary, or the Secretary's designee, shall be an ex officio and voting member
14 of the board of directors of each neighborhood housing services corporation receiving
15 grant funds from the Department.

16 [4-306.] 2-1306.

17 The Department may adopt regulations necessary for the implementation of this
18 subtitle.

19 Title 3. Division of [Housing] Credit Assurance.

20 3-101.

21 (a) There is a Division of [Housing] Credit Assurance, as an organizational unit
22 within the Department of Housing and Community Development.

23 (b) The Division includes:

24 (1) [the] THE Maryland Housing Fund, an agency of the Department;

25 (2) LOAN ASSET MANAGEMENT FOR THE DEPARTMENT; AND

26 (3) THE ADMINISTRATION OF STATEWIDE BUILDING AND MATERIAL
27 CODES ESTABLISHED UNDER TITLE 6 OF THIS ARTICLE.

28 TITLE 4. [Division of Community Assistance] DIVISION OF NEIGHBORHOOD
29 REVITALIZATION.

30 4-101.

31 (A) THERE IS A DIVISION OF NEIGHBORHOOD REVITALIZATION AS AN
32 ORGANIZATIONAL UNIT WITHIN THE DEPARTMENT OF HOUSING AND COMMUNITY
33 DEVELOPMENT.

34 (B) THE DIVISION OF NEIGHBORHOOD REVITALIZATION INCLUDES THE
35 NEIGHBORHOOD BUSINESS DEVELOPMENT PROGRAM.

36 (C) THE DIVISION OF NEIGHBORHOOD REVITALIZATION SHALL:

11

1 (1) ADMINISTER COMMERCIAL AND MIXED-USE REVITALIZATION
2 PROGRAMS ENCOURAGING PHYSICAL AND ORGANIZATIONAL IMPROVEMENTS TO
3 BUSINESS AREAS; AND

4 (2) ADMINISTER STATE AND FEDERAL GRANT AND LOAN FUNDS AND
5 OTHER FINANCIAL ASSISTANCE TO ANY MUNICIPAL CORPORATION, COUNTY,
6 LOCAL PUBLIC AGENCY, NONPROFIT ORGANIZATION, COMMUNITY REINVESTMENT
7 CORPORATION, NEIGHBORHOOD OR COMMUNITY ORGANIZATION, OR PRIVATE
8 PARTY IN ORDER TO CARRY OUT COMMERCIAL AND MIXED-USE REVITALIZATION
9 AND REHABILITATION PROGRAMS.

10 (D) (1) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS
11 INDICATED.

12 (2) "COMMERCIAL AND MIXED-USE REVITALIZATION PROGRAMS"
13 INCLUDE ASSISTANCE IN SUCH AREAS AS MARKET SURVEYING, GRANTSMANSHIP,
14 ORGANIZATION, ECONOMIC DEVELOPMENT, DESIGN, AND OTHER SERVICES FOR
15 DOWNTOWN OR BUSINESS AREA COMMERCIAL MANAGEMENT, PROMOTION, AND
16 REVITALIZATION AND FACILITATING ESTABLISHMENT OF COMMERCIAL DISTRICT
17 MANAGEMENT AUTHORITIES.

18 (3) "COMMUNITY REINVESTMENT CORPORATION" MEANS ANY
19 CORPORATION OR FOUNDATION WHOSE NET EARNINGS ARE REINVESTED IN
20 ACTIVITIES, PROJECTS, OR PROGRAMS FOR THE PURPOSE OF FOSTERING,
21 ENCOURAGING, ASSISTING IN, OR CARRYING OUT COMMUNITY ASSISTANCE
22 ACTIVITIES, PROJECTS, OR PROGRAMS.

23 [Subtitle 13.] SUBTITLE 2. Neighborhood Business Development Program.

24 [2-1301.] 4-201.

25 The Neighborhood Business Development Program is hereby created within the
26 Department, for the following purposes:

27 (1) To assist in the [Development] DEVELOPMENT, redevelopment, or
28 expansion of small business enterprises in designated neighborhoods;

29 (2) To stimulate investment by the private sector in designated
30 neighborhoods;

31 (3) To invest in small business revitalization projects in designated
32 neighborhoods; and

33 (4) To stimulate the participation of local jurisdictions in developing and
34 expanding small business enterprises in designated neighborhoods.

35 [2-1302.] 4-202.

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

37 (b) "Designated neighborhood" means a geographically defined area of a local
38 jurisdiction which is designated as an eligible neighborhood in accordance with [§
39 2-1303(b)] § 4-203(B) of this subtitle.

12

1 (c) "Development costs" means the costs incurred for the construction or
2 rehabilitation of a neighborhood business development project, including the costs of:

3 (1) Necessary studies, surveys, plans, and specifications;

4 (2) Architectural, engineering, or other special services related to
5 construction or rehabilitation, including flood plain studies, environmental audits, and
6 critical area or wetland assessments;

7 (3) Acquisition of land and improvements;

8 (4) Site preparation;

9 (5) Construction, reconstruction, and rehabilitation;

10 (6) Acquisition of machinery, equipment, and furnishings;

11 (7) Essential start-up operating costs, including working capital and initial
12 occupancy expenses;

13 (8) Indemnity and surety bonds and premiums on insurance; and

14 (9) Other necessary fees and temporary relocation expenses.

15 (d) "Fund" means the Neighborhood Business Development Fund.

16 (e) "Local jurisdiction" means a municipal corporation or county.

17 (f) "Nonprofit organization" means a corporation, foundation, or other legal
18 entity that specifies in its charter or bylaws that no part of the net earnings may inure to
19 the benefit of any private shareholder or individual holding any interest in such entity.

20 (g) "Program" means the Neighborhood Business Development Program.

21 (h) "Project" means a neighborhood business development project which receives
22 financial assistance from the Neighborhood Business Development Fund.

23 (i) "Small business" means a business that employs a number of employees no
24 greater than a limit set forth in regulations by the Department which shall not exceed the
25 standards set by the federal Small Business Administration.

26 [2-1303.] 4-203.

27 (a) To qualify for financial assistance under the Program, a neighborhood
28 business development project must be located in a designated neighborhood.

29 (b) Local jurisdictions may designate one or more eligible neighborhoods with the
30 concurrence of the Secretary of the Department, taking into consideration the following
31 factors:

32 (1) The availability, cost, and condition of business facilities;

33 (2) The age and number of abandoned structures;

34 (3) The age and number of substandard structures;

13

1 (4) The income of residents relative to State or regional median incomes,
2 including the number of persons who are welfare recipients or unemployed;

3 (5) The extent of unemployment and the availability in the area of jobs for
4 residents of the designated neighborhood;

5 (6) The need for financing for small businesses in order to upgrade the
6 social and economic conditions of the designated neighborhood;

7 (7) The neighborhood development or redevelopment strategy of the local
8 jurisdiction for the designated neighborhood and any plans and financial commitment of
9 the local jurisdiction to undertake improvements in the designated neighborhood; and

10 (8) Other standards and criteria deemed relevant by the Department as set
11 forth in regulations, including standards established for other relevant State or federal
12 programs.

13 [2-1304.] 4-204.

14 (a) Financial assistance under the Program may be provided to a small business in
15 any of the following forms:

16 (1) Grant;

17 (2) Loan;

18 (3) Reduction in the principal obligation of or rate of interest payable on a
19 loan or portion of a loan;

20 (4) Prepayment of interest on a subordinate or superior loan or portion of a
21 loan;

22 (5) Assurance;

23 (6) Guarantee; or

24 (7) Any other form of credit enhancement.

25 (b) The Department shall review all applications for financial assistance.

26 (c) Applications shall be submitted by an applicant which may be a for profit or
27 nonprofit small business.

28 (d) To qualify for financial assistance, the application must demonstrate that:

29 (1) The project has significant commitments for funding from other private
30 and nonstate public sources that are sufficient to complete the project with the funds
31 from the Neighborhood Business Development Program;

32 (2) The financial assistance from the Neighborhood Business Development
33 Fund is the least amount necessary to make the project financially feasible;

34 (3) The project is ready to proceed upon funding of financial assistance
35 from the Program; and

14

1 (4) The local jurisdiction adopted a local resolution expressing support for
2 the project.

3 [2-1305.] 4-205.

4 The Department shall:

5 (1) Manage, supervise, and administer the Program;

6 (2) Adopt rules and regulations to carry out the Program in conformance
7 with statutory requirements; and

8 (3) For each category of financing described under [§ 2-1304(a)] § 4-204(A)
9 of this subtitle, establish minimum percentages or amounts of private and non-state
10 public funding that the applicant is required to secure before the Department may
11 determine that the applicant is qualified for the Program.

12 [2-1306.] 4-206.

13 (a) Financial assistance may be used to finance a portion of the development costs
14 of a neighborhood business development project.

15 (b) The financial assistance shall be on such terms as the Department deems
16 necessary to make the enterprise financially feasible.

17 (c) Financial assistance under the Neighborhood Business Development Program
18 may be secured, at the discretion of the Department, by a mortgage lien or other security
19 instrument, which may be subordinate to other security interests.

20 (d) The Department may:

21 (1) Modify the rate of interest, the time or amount of payment, or any other
22 term of a grant or loan in order to facilitate the successful completion or operation of a
23 project; and

24 (2) Contract for services relating to the Program.

25 [2-1307.] 4-207.

26 (a) The Program shall be operated with moneys in the Neighborhood Business
27 Development Fund, which Fund shall be a continuing, nonlapsing special fund consisting
28 of:

29 (1) Moneys appropriated by the State for the Neighborhood Business
30 Development Program;

31 (2) Any repayment or prepayment of financial assistance [made from the
32 Fund established under] LOANED UNDER THE FORMER Subtitle 6, Title 4 of this
33 article; and

34 (3) Moneys transferred to the Fund from any other fund as provided for in
35 this [title] ARTICLE.

36 (b) The Department shall use the Fund to provide financial assistance to small
37 businesses and to pay expenses of the Program.

15

1 (c) The State Treasurer shall hold and the State Comptroller shall account for the
2 Neighborhood Business Development Fund. The Fund shall be invested and reinvested.
3 Any investment earnings shall be paid into the Fund.

4 (d) At any time following the first 8 months of any fiscal year, the Department
5 may transfer, subject to approval of the Legislative Policy Committee and subject to the
6 provisions of § 7-209 of the State Finance and Procurement Article, unencumbered
7 moneys in the Neighborhood Business Development Fund to any other fund established
8 under [this title] TITLE 2 OF THIS ARTICLE.

9 [2-1308.] 4-208.

10 (a) A person may not knowingly make or cause any false statement or report to be
11 made in any document required to be furnished to the Department by any agreement
12 relating to a loan.

13 (b) A person applying for financial assistance may not knowingly make or cause
14 any false statement or report to be made for the purpose of influencing the action of the
15 Department on an application or for the purpose of influencing any action of the
16 Department affecting financial assistance already provided.

17 (c) Any person who violates any provision of subsection (a) or (b) of this section
18 is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$50,000 or
19 imprisonment not exceeding 5 years or both.

20 [Subtitle 4.] TITLE 12. Community Action Agencies.

21 [4-401.] 12-101.

22 (a) In this section the following words have the meanings indicated.

23 (1) "Community action agency" means:

24 (i) A governmental unit in a political subdivision of the State;

25 (ii) A governmental unit created by a combination of political
26 subdivisions;

27 (iii) An agency designated as a community action agency under
28 relevant provisions of the Economic Opportunity Act of 1964 as amended by the
29 Community Services Block Grant Program; or

30 (iv) A private, nonprofit community organization that meets the
31 requirements for designation as a community action agency.

32 (2) "Designation" means the selection of a proposed community action
33 agency by the governing body of a political subdivision.

34 (3) "Governing body" means the county council, board of commissioners, or
35 other legislative body of a political subdivision that collectively possesses the power to
36 adopt and carry out local laws and ordinances; in Baltimore City "governing body" means
37 the Board of Estimates.

16

1 (4) "Poverty level population" means the number of people whose
2 household income level is below the poverty line set by the Office of Management and
3 Budget.

4 (5) "Local initiative" means the amount of federal funds received by a
5 community action agency for conduct, administration, and general community
6 programming.

7 (b) (1) The General Assembly of Maryland recognizes that the economic and
8 social well-being of the citizens of the State is intrinsic to the strength and viability of the
9 State as a whole.

10 (2) It is the purpose of this section to strengthen, supplement and
11 coordinate efforts to combat the causes and problems of poverty in Maryland by:

12 (i) Mobilizing resources of both the private and public sectors of the
13 economy in order to increase opportunities for poor and low income citizens to develop
14 their skills, knowledge, and capabilities;

15 (ii) Developing the full potential of poor and low income citizens so
16 that each person can live in decency and dignity and achieve individual and family
17 self-sufficiency; and

18 (iii) Promoting the development, evaluation, and use of new and
19 innovative approaches to attack the origins and issues of poverty.

20 (c) This section is intended to strengthen the ability of communities to plan and
21 coordinate available local, federal, State, and private resources, by making this assistance
22 more responsive to local needs and conditions.

23 (d) (1) The governing body with jurisdiction over the community to be served by
24 the proposed community action agency may make, change, or revoke a designation:

25 (i) By act, ordinance, or resolution; or

26 (ii) By order of the chief executive of the governing body if the chief
27 legal officer certifies in writing that the chief executive possesses the power to make the
28 designation on behalf of the governing body.

29 (2) (i) The governing body shall conduct a public hearing before it makes,
30 changes, or revokes a designation.

31 (ii) A transition or close down plan shall accompany the notification to
32 the public of a proposed change in or revocation of a designation.

33 (iii) A change in or revocation of a designation shall take effect at the
34 start of the State fiscal year.

35 (e) (1) A community action agency shall administer its programs through a
36 community action board consisting of at least 15 members, structured so that:

37 (i) One-third of the members of the board are elected public officials
38 currently holding office, or their representatives;

17

1 (ii) At least one-third of the members are persons chosen by a
2 democratic selection method designed to assure that they are representative of the poor
3 in the area served;

4 (iii) The other members are officials or members of business, industry,
5 labor, religious, welfare, education, or other major groups and interests in the community;

6 (iv) Each member of the board selected to represent a specific
7 geographic area in a community resides in the area represented; and

8 (v) A person selected under subparagraph (ii) or (iii) may not serve
9 for more than 5 consecutive years or for more than a total of 10 years.

10 (2) (i) If a community action agency delegates responsibility for policy
11 determinations to a subsidiary board, council, or similar agency, that board, council, or
12 agency shall be broadly representative of the area.

13 (ii) Policy determinations may include the character, funding, extent,
14 and administration of, and budgeting for programs or projects affecting a particular
15 geographic area in a community.

16 (iii) If the community action agency is a governmental unit, the board
17 of directors may serve as an advisory body to the governmental unit and with the approval
18 of the governing body the governmental unit may delegate any or all of its powers and
19 responsibilities to the advisory body.

20 (f) (1) The Secretary may provide financial assistance to designated community
21 action agencies based upon distribution criteria set forth by the Secretary in regulations.

22 (2) The distribution criteria shall include the percentage of persons in
23 poverty, based on the most current census population data and may include specific
24 problems in rural communities, minimum funding necessary to maintain program
25 operations, and the potential for additional local and private funding.

26 (3) The regulations shall assure that, with respect to the allocation of
27 federal funds, each designated community action agency receives federal funds at a level
28 at least equal to that received by the agency in federal Fiscal Year 1994 unless the federal
29 funding is reduced.

30 (4) The regulations shall allocate federal funds remaining after the
31 allocations under paragraph (3) of this subsection only to those community action
32 agencies which received a lesser share of program federal funds in federal Fiscal Year
33 1994 than they would have received based on the number of persons in poverty in the
34 local jurisdiction as a percentage of the total population of persons in poverty in the
35 State.

36 (g) In addition to the powers set forth elsewhere in this section, a community
37 action agency may:

38 (1) Receive and administer:

39 (i) Financial assistance received under this section;

18

1 (ii) Funds and contributions received from private or local public
2 sources for community action programs; and

3 (iii) Funds received from State or federal assistance programs under
4 which a public or private nonprofit agency may act as a grantee, contractor, or sponsor of
5 projects suitable for community action programs;

6 (2) Receive and administer federal funds from federal block grants
7 previously designated as anti-poverty funds, subject to applicable federal law or
8 regulation; and

9 (3) Transfer funds and delegate responsibility to a subsidiary board, council,
10 or similar agency for projects designed to further program objectives.

11 (h) In addition to the duties set forth elsewhere in this section, a community
12 action agency shall:

13 (1) Plan systematically for an effective community action program,
14 including:

15 (i) An evaluation of information on the causes and problems of
16 poverty in the target community;

17 (ii) An assessment of the use and impact of current financial
18 assistance; and

19 (iii) The establishment of priorities between projects, activities, and
20 target areas in order to achieve the best and most efficient use of resources.

21 (2) (i) Encourage subsidiary boards, councils, or agencies engaged in
22 community action program related projects to plan for, secure, and administer available
23 financial assistance on a cooperative basis;

24 (ii) Provide technical and organizational assistance to the subsidiary
25 boards, councils, or agencies; and

26 (iii) Take affirmative action to supplement local efforts to combat
27 poverty by:

28 1. Focusing resources towards the most needy;

29 2. Providing employment opportunities for low income persons;

30 3. Closing service gaps; and

31 4. Enabling low income persons to participate in community
32 action programs and projects.

33 (3) Initiate and sponsor community projects responsive to the needs of the
34 poor, with particular emphasis on:

35 (i) The establishment of a pool of resources to serve a variety of
36 community action programs;

37 (ii) The development of versatile approaches and services; and

19

1 (iii) The implementation of stopgap measures pending the expansion
2 or modification of community action programs.

3 (4) (i) Establish procedures by which community residents may:

4 1. Influence the character of their community action programs;

5 and

6 2. Participate regularly in the implementation of these
7 programs.

8 (ii) Provide the necessary technical and advisory support to enable the
9 poor and neighborhood groups to secure public and private financial assistance on their
10 own behalf.

11 (5) Join with and encourage business, labor, and other private or public
12 officials and organizations to undertake activities in support of community action
13 programs resulting in:

14 (i) The additional use of private resources and capabilities to develop
15 new employment opportunities;

16 (ii) The stimulation of investments having a measurable impact on the
17 reduction of poverty among residents of areas of concentrated poverty; and

18 (iii) Providing methods by which residents of those areas can work with
19 private organizations, firms, and institutions in seeking solutions to problems of common
20 concern.

21 (i) The Secretary shall adopt regulations to carry out the purposes of the
22 community services program.

23 [Subtitle 5.] TITLE 13. Maryland State Appalachian Housing Fund.

24 [4-501.] 13-101.

25 The Maryland State Appalachian Housing Fund is created as a nonlapsing,
26 revolving special fund into which shall be placed:

27 (1) Receipts of the Department from the Appalachian Regional
28 Commission;

29 (2) Income from investments that the State Treasurer makes [pursuant to §
30 4-503 of this subtitle] UNDER § 13-103 OF THIS TITLE; and

31 (3) Any repayments of principal or interest on loans or site development
32 advances made by the Department under this [subtitle] TITLE.

33 [4-502.] 13-102.

34 The Maryland State Appalachian Housing Fund shall be expended by the
35 Department to fulfill its obligations under any contract or agreement with the
36 Appalachian Regional Commission.

20

1 [4-503.] 13-103.

2 The State Treasurer shall invest the Maryland State Appalachian Housing Fund in
3 the manner provided by law with all interest earned or gains realized from such
4 investments to be credited to the Maryland State Appalachian Housing Fund.

5 **Article 41 - Governor - Executive and Administrative Departments**

6 [18-301.

7 (a) There is a Commission to Save the Lighthouses.

8 (b) (1) The Commission is composed of:

9 (i) 2 members of the House of Delegates, appointed by the Speaker;

10 (ii) 2 members of the Senate, appointed by the President; and

11 (iii) 12 members appointed by the Governor, as follows:

12 1. The Secretary of Natural Resources, or the Secretary's
13 designee;

14 2. 2 members representing the Maryland Association of
15 Counties;

16 3. The Director of the Maryland Historical Trust;

17 4. 2 members representing the Maryland Congressional
18 Delegation;

19 5. 1 member representing the Maryland Municipal League;

20 6. 2 members representing the Maryland Watermen's
21 Association;

22 7. 1 member representing the Association of Maryland Pilots;
23 and

24 8. 2 members of the general public.

25 (2) A member of the United States Coast Guard may serve as a technical
26 advisor to the Commission.

27 (c) The members of the Commission shall select a Chairman from among
28 themselves.

29 (d) (1) Staff shall be provided by the Maryland Historical Trust.

30 (2) In addition to the staff provided under paragraph (1) of this subsection,
31 the Commission may employ staff in accordance with the State budget and as approved by
32 the Chairman.

33 (e) The Commission shall:

21

1 (1) Develop an inventory of the location and condition of lighthouses in the
2 State;

3 (2) Determine the kind of lighthouses to be saved;

4 (3) Designate specific lighthouses to be saved;

5 (4) Determine, where necessary, new sites for lighthouses;

6 (5) Recommend, where appropriate, replacement of site markers with
7 scenic structures;

8 (6) Conduct a feasibility study on the cost to save the lighthouses;

9 (7) Investigate sources of and receive assistance for lighthouse preservation
10 and restoration, including financial assistance and donations to be credited and paid into
11 the Lighthouse Preservation Special Fund under Article 83B, § 5-614.1 of the Code;

12 (8) Promote a cooperative dialogue with other jurisdictions toward the
13 preservation and restoration of lighthouses along the Atlantic Seaboard;

14 (9) Review applications and proposals from any source for preservation and
15 restoration of any lighthouse in the State that is publicly owned or not for profit; and

16 (10) Recommend projects concerning preservation and restoration of specific
17 lighthouses in the State that are publicly owned or not for profit for final consideration by
18 the Maryland Historical Trust.

19 (f) The Commission shall report its findings and recommendations to the
20 Governor and, consistent with § 2-1312 of the State Government Article, to the General
21 Assembly by July 1, 1996.

22 (g) Once the Commission issues its report, it continues to exist.]

23 SECTION 4. AND BE IT FURTHER ENACTED, That, except as expressly
24 provided to the contrary in this Act, any transaction affected by or flowing from any
25 statute here amended, repealed, or transferred, and validly entered into before the
26 effective date of this Act and every right, duty, or interest following from it remains valid
27 after the effective date of this Act and may be terminated, completed, consummated, or
28 enforced pursuant to law.

29 SECTION 5. AND BE IT FURTHER ENACTED, That, except as otherwise
30 provided in this Act, all regulations, proposed regulations, standards and guidelines,
31 proposed standards and guidelines, orders and other directives, forms, plans,
32 memberships, special funds, appropriations, grants, loans, applications and commitments
33 for grants and loans, contracts, properties, investigations, administrative and judicial
34 proceedings, rights to sue and be sued, and all other duties and responsibilities associated
35 with these functions that are in existence on the effective date of this Act shall continue
36 in effect until completed, withdrawn, canceled, modified, or otherwise changed pursuant
37 to law.

1 SECTION 6. AND BE IT FURTHER ENACTED, That any funds remaining in
2 the Lighthouse Preservation Special Fund as of July 1, 1996 shall be transferred to the
3 MHT Grant Fund established under Article 83B, § 5-613 of the Code.

4 SECTION 7. AND BE IT FURTHER ENACTED, That if any provision of this
5 Act or the application thereof to any person or circumstance is held invalid for any reason
6 in a court of competent jurisdiction, the invalidity does not affect other provisions or any
7 other application of this Act which can be given effect without the invalid provision or
8 application, and for this purpose the provisions of this Act are declared severable.

9 SECTION 8. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 July 1, 1996.