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**By: Senator Blount**

Introduced and read first time: January 31, 1997

Assigned to: Economic and Environmental Affairs

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A BILL ENTITLED

1 AN ACT concerning

**2 Nonprofit Organizations - Operating Assistance and Performance Funding Grants**

3 FOR the purpose of altering provisions and establishing new provisions that relate to  
4 operating assistance and performance funding grants for housing assistance;  
5 requiring the Department of Housing and Community Development to award  
6 performance funding grants to certain nonprofit organizations for certain purposes;  
7 establishing certain criteria for eligibility for a performance funding grant; requiring  
8 a nonprofit organization receiving a performance funding grant to provide certain  
9 matching funds; authorizing a nonprofit organization to use funding grants under  
10 this Act for certain purposes; altering the maximum percentage of certain funds  
11 from which grants are made; repealing the abrogation provision for certain housing  
12 assistance grants programs; defining certain terms; making certain stylistic changes;  
13 and generally relating to low-income housing funding grants for nonprofit  
14 organizations.

15 BY repealing and reenacting, with amendments,  
16 Article 83B - Department of Housing and Community Development  
17 Section 2-1201 through 2-1204  
18 Annotated Code of Maryland  
19 (1995 Replacement Volume and 1996 Supplement)

20 BY adding to  
21 Article 83B - Department of Housing and Community Development  
22 Section 2-1203.1 and 2-1203.2  
23 Annotated Code of Maryland  
24 (1995 Replacement Volume and 1996 Supplement)

25 BY repealing  
26 Article 83B - Department of Housing and Community Development  
27 Section 2-1206  
28 Annotated Code of Maryland  
29 (1995 Replacement Volume and 1996 Supplement)

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

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

2 2-1201.

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

4 (b) "Homeownership Programs Fund" means that fund referred to in §§ 2-613(a)  
5 and 2-1006(a) of this title.

6 (c) "Nonprofit organization" means a corporation, foundation, or other legal  
7 entity, no part of the net earnings of which inures to the benefit of any private  
8 shareholder or individual holding any interest in such entity.

9 (D) "HOUSING PRODUCTION" MEANS THE ACQUISITION, CONSTRUCTION, OR  
10 REHABILITATION OF HOUSING FOR OCCUPANCY BY OR SALE TO LOW AND  
11 MODERATE INCOME HOUSEHOLDS.

12 [(d)] (E) "Operating assistance grants" means assistance with operating and  
13 overhead costs of a nonprofit organization, including staff costs, organizational costs, and,  
14 in the case of grants under § 2-1203 of this subtitle, costs relating to applying for a loan  
15 or assisting individuals in applying for a loan THAT RELATES TO AREAS OF UNMET  
16 NEED, AS DEFINED BY THE DEPARTMENT, FOR LOW-INCOME HOUSING.

17 (F) "PERFORMANCE FUNDING GRANTS" MEANS ASSISTANCE WITH  
18 PREDEVELOPMENT COSTS AND OPERATING AND OVERHEAD COSTS OF A  
19 NONPROFIT ORGANIZATION, INCLUDING STAFF COSTS AND ORGANIZATIONAL  
20 COSTS.

21 [(e)] (G) "Rental Housing Programs Fund" means that fund referred to in §§  
22 2-313(a), 2-505(a), and 2-805(a) of this title.

23 [(f)] (H) "Special Loan Programs Fund" means that fund referred to in §  
24 2-708(a) of this title.

25 2-1202.

26 (a) The Department[, under a demonstration project,] shall [make ] AWARD  
27 operating assistance grants to nonprofit organizations for the purpose of building their  
28 capacity to participate in housing projects or activities authorized by the programs  
29 established in this title that are financed through the Rental Housing Programs Fund, the  
30 Homeownership Programs Fund, the Special Loan Programs Fund, or otherwise financed  
31 in whole or in part by the Department.

32 (b) To be eligible for an operating assistance grant under this section a nonprofit  
33 organization must have limited expertise or no recent experience in participating in  
34 projects or activities financed in whole or in part by the Department.

35 2-1203.

36 The Department[, under a demonstration project,] shall [make] AWARD  
37 operating assistance grants to nonprofit organizations [in order] to facilitate the  
38 production or rehabilitation of limited income housing by nonprofit organizations or by  
39 individuals assisted by nonprofit organizations if:

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1 (1) The nonprofit organization meets performance and other standards  
2 established by the Department; and

3 (2) The nonprofit organization has:

4 (i) Completed, or substantially completed, a loan application that has  
5 been deemed acceptable by the Department to undertake a housing project which is  
6 financed, in whole or in part, by the Department; or

7 (ii) Provided assistance to individuals making applications for loans  
8 from the Department or a local government approved by the Department has certified  
9 that the nonprofit organization's efforts were responsible for the origination of the  
10 applications.

11 2-1203.1.

12 (A) THE DEPARTMENT SHALL AWARD PERFORMANCE FUNDING GRANTS TO  
13 NONPROFIT ORGANIZATIONS FOR THE PURPOSE OF ENABLING ELIGIBLE  
14 NONPROFIT ORGANIZATIONS TO ENGAGE IN HOUSING PRODUCTION FOR LOW AND  
15 MODERATE INCOME HOUSEHOLDS.

16 (B) TO BE ELIGIBLE FOR A PERFORMANCE FUNDING GRANT UNDER THIS  
17 SECTION A NONPROFIT ORGANIZATION MUST:

18 (1) DEMONSTRATE A RECORD OF PERFORMANCE IN HOUSING  
19 PRODUCTION ACCEPTABLE TO THE DEPARTMENT;

20 (2) DEMONSTRATE EVIDENCE OF A CONTINUING CAPACITY TO  
21 ENGAGE IN HOUSING PRODUCTION; AND

22 (3) NEED OPERATING SUPPORT.

23 2-1203.2.

24 THE DEPARTMENT SHALL AWARD PERFORMANCE FUNDING GRANTS TO  
25 NONPROFIT ORGANIZATIONS TO FACILITATE HOUSING PRODUCTION BY  
26 NONPROFIT ORGANIZATIONS OR BY INDIVIDUALS ASSISTED BY NONPROFIT  
27 ORGANIZATIONS IF:

28 (1) THE NONPROFIT ORGANIZATION MEETS PERFORMANCE AND  
29 OTHER STANDARDS ESTABLISHED BY THE DEPARTMENT; AND

30 (2) THE NONPROFIT ORGANIZATION HAS SUBMITTED AN ANNUAL  
31 WORK PROGRAM, ACCEPTABLE TO THE DEPARTMENT, DETAILING HOUSING TO BE  
32 PRODUCED AND, IF THE NONPROFIT ORGANIZATION RECEIVED A PERFORMANCE  
33 FUNDING GRANT IN THE PRIOR YEAR, EVIDENCE OF ACCEPTABLE PERFORMANCE  
34 IN THE PRIOR YEAR.

35 2-1204.

36 (a) Operating assistance AND PERFORMANCE FUNDING grants made under this  
37 subtitle may not exceed amounts established by the Department [and may be calculated  
38 as:

39 (1) A fixed lump sum;

4

1 (2) A percentage of the costs of undertaking a project; or

2 (3) A percentage of the amount of the loan, if any, being financed by the  
3 Department].

4 (B) A NONPROFIT ORGANIZATION RECEIVING A PERFORMANCE FUNDING  
5 GRANT FROM THE DEPARTMENT MUST PROVIDE MATCHING FUNDS IN AN AMOUNT  
6 NOT LESS THAN 50 PERCENT OF THE AMOUNT OF THE PERFORMANCE FUNDING  
7 GRANT RECEIVED.

8 (C) OPERATING ASSISTANCE AND PERFORMANCE FUNDING GRANTS MAY BE  
9 USED BY AND AT THE DISCRETION OF THE NONPROFIT ORGANIZATION FOR  
10 ADMINISTRATIVE AND OPERATING EXPENSES, ORGANIZATIONAL COSTS, AND  
11 OTHER COSTS ASSOCIATED WITH THE PRODUCTION OF HOUSING.

12 [(b)] (D) Subject to § 2-1202 of this subtitle, a nonprofit organization may receive  
13 a grant or grants, for up to 3 years for capacity building purposes in each of the housing  
14 development areas of rental housing programs, home ownership programs, and special  
15 loan programs.

16 [(c)] (E) A grant made under § 2-1202 of this subtitle may be for a term of up to  
17 3 years if, in the determination of the Department, the performance of the nonprofit  
18 organization in the preceding year is acceptable and funds are appropriated and available  
19 in the succeeding year.

20 (F) SUBJECT TO § 2-1203.1 OF THIS SUBTITLE, A NONPROFIT ORGANIZATION  
21 MAY RECEIVE PERFORMANCE FUNDING GRANTS, EACH GRANT HAVING A TERM OF  
22 UP TO 3 YEARS IN EACH OF THE HOUSING DEVELOPMENT AREAS OF RENTAL  
23 HOUSING PROGRAMS, HOMEOWNERSHIP PROGRAMS, AND SPECIAL LOAN  
24 PROGRAMS FOR AS LONG AS THE DEPARTMENT DETERMINES THAT THE  
25 NONPROFIT ORGANIZATION IS IN NEED OF ASSISTANCE WITH OPERATING COSTS,  
26 HAS SUSTAINED PERFORMANCE, AND HAS MET THE GOALS IN THE ORGANIZATION'S  
27 ANNUAL WORK PROGRAM.

28 [(d)] (G) During any fiscal year, the total amount of all operating assistance AND  
29 PERFORMANCE FUNDING grants made under this subtitle shall be made from, and may  
30 not exceed [1] 2 percent of the total aggregate amount of budgeted moneys in the Rental  
31 Housing Programs Fund, Homeownership Programs Fund, and Special Loan Programs  
32 Fund.

33 [2-1206.

34 The demonstration projects authorized under this subtitle shall terminate on June  
35 30, 1997.]

36 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
37 June 1, 1997.