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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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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 7, 1997

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## CHAPTER \_\_\_\_

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; authorizing the use of certain operating assistance~~  
12 ~~grants for housing assistance for certain purposes; repealing the abrogation~~  
13 ~~provision for and demonstration status of a certain housing assistance grants~~  
14 ~~programs program; defining certain terms; altering a certain definition; altering a~~  
15 ~~certain provision relating to funding for operating assistance grants; making certain~~  
16 stylistic changes; and generally relating to low-income housing funding grants for  
17 nonprofit organizations.

18 BY repealing and reenacting, with amendments,

19 Article 83B - Department of Housing and Community Development

20 Section 2-1201 through 2-1204

21 Annotated Code of Maryland

22 (1995 Replacement Volume and 1996 Supplement)

23 ~~BY adding to~~24 ~~Article 83B—Department of Housing and Community Development~~25 ~~Section 2-1203.1 and 2-1203.2~~26 ~~Annotated Code of Maryland~~

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1 ~~(1995 Replacement Volume and 1996 Supplement)~~

2 BY repealing

3 Article 83B - Department of Housing and Community Development

4 Section 2-1206

5 Annotated Code of Maryland

6 (1995 Replacement Volume and 1996 Supplement)

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

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

10 2-1201.

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

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

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

17 ~~(D) "HOUSING PRODUCTION" MEANS THE ACQUISITION, CONSTRUCTION, OR~~  
18 ~~REHABILITATION OF HOUSING FOR OCCUPANCY BY OR SALE TO LOW AND~~  
19 ~~MODERATE INCOME HOUSEHOLDS.~~

20 ~~{(d)} (E) "Operating assistance grants" means assistance with~~  
21 ~~PREDEVELOPMENT COSTS AND~~ operating and overhead costs of a nonprofit  
22 organization, including staff costs, organizational costs, and, in the case of grants under §  
23 2-1203 of this subtitle, costs relating to applying for a loan or assisting individuals in  
24 applying for a loan ~~THAT RELATES TO AREAS OF UNMET NEED, AS DEFINED BY THE~~  
25 ~~DEPARTMENT, FOR LOW INCOME HOUSING.~~

26 ~~(F) "PERFORMANCE FUNDING GRANTS" MEANS ASSISTANCE WITH~~  
27 ~~PREDEVELOPMENT COSTS AND OPERATING AND OVERHEAD COSTS OF A~~  
28 ~~NONPROFIT ORGANIZATION, INCLUDING STAFF COSTS AND ORGANIZATIONAL~~  
29 ~~COSTS.~~

30 ~~{(e)} (G) "Rental Housing Programs Fund" means that fund referred to in §§~~  
31 ~~2-313(a), 2-505(a), and 2-805(a) of this title.~~

32 ~~{(f)} (H) "Special Loan Programs Fund" means that fund referred to in §~~  
33 ~~2-708(a) of this title.~~

34 2-1202.

35 (a) The Department[, under a demonstration project,] shall [make ] AWARD  
36 operating assistance grants to nonprofit organizations for the purpose of building their  
37 capacity to participate in housing projects or activities authorized by the programs  
38 established in this title that are financed through the Rental Housing Programs Fund, the

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1 Homeownership Programs Fund, the Special Loan Programs Fund, or otherwise financed  
2 in whole or in part by the Department.

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

6 2-1203.

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

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

13 (2) The nonprofit organization has:

14 (i) ~~Completed, or substantially completed, a loan application that has~~  
15 ~~been deemed acceptable by the Department to undertake a housing project which is~~  
16 ~~financed, in whole or in part, by the Department~~ SUBMITTED AN APPLICATION FOR  
17 OPERATING ASSISTANCE THAT IS ACCEPTABLE TO THE DEPARTMENT, INCLUDING A  
18 DESCRIPTION OF THE HOUSING PROJECT AND, IF THE NONPROFIT ORGANIZATION  
19 RECEIVED A GRANT IN THE PRIOR YEAR, EVIDENCE OF ACCEPTABLE  
20 PERFORMANCE IN THE PRIOR YEAR; or

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

25 ~~2-1203.1.~~

26 ~~(A) THE DEPARTMENT SHALL AWARD PERFORMANCE FUNDING GRANTS TO~~  
27 ~~NONPROFIT ORGANIZATIONS FOR THE PURPOSE OF ENABLING ELIGIBLE~~  
28 ~~NONPROFIT ORGANIZATIONS TO ENGAGE IN HOUSING PRODUCTION FOR LOW AND~~  
29 ~~MODERATE INCOME HOUSEHOLDS.~~

30 ~~(B) TO BE ELIGIBLE FOR A PERFORMANCE FUNDING GRANT UNDER THIS~~  
31 ~~SECTION A NONPROFIT ORGANIZATION MUST:~~

32 ~~(1) DEMONSTRATE A RECORD OF PERFORMANCE IN HOUSING~~  
33 ~~PRODUCTION ACCEPTABLE TO THE DEPARTMENT;~~

34 ~~(2) DEMONSTRATE EVIDENCE OF A CONTINUING CAPACITY TO~~  
35 ~~ENGAGE IN HOUSING PRODUCTION; AND~~

36 ~~(3) NEED OPERATING SUPPORT.~~

37 ~~2-1203.2.~~

38 ~~THE DEPARTMENT SHALL AWARD PERFORMANCE FUNDING GRANTS TO~~  
39 ~~NONPROFIT ORGANIZATIONS TO FACILITATE HOUSING PRODUCTION BY~~

1 ~~NONPROFIT ORGANIZATIONS OR BY INDIVIDUALS ASSISTED BY NONPROFIT~~  
2 ~~ORGANIZATIONS IF:~~

3 ~~(1) THE NONPROFIT ORGANIZATION MEETS PERFORMANCE AND~~  
4 ~~OTHER STANDARDS ESTABLISHED BY THE DEPARTMENT; AND~~

5 ~~(2) THE NONPROFIT ORGANIZATION HAS SUBMITTED AN ANNUAL~~  
6 ~~WORK PROGRAM, ACCEPTABLE TO THE DEPARTMENT, DETAILING HOUSING TO BE~~  
7 ~~PRODUCED AND, IF THE NONPROFIT ORGANIZATION RECEIVED A PERFORMANCE~~  
8 ~~FUNDING GRANT IN THE PRIOR YEAR, EVIDENCE OF ACCEPTABLE PERFORMANCE~~  
9 ~~IN THE PRIOR YEAR.~~

10 2-1204.

11 (a) Operating assistance ~~AND PERFORMANCE FUNDING~~ grants made under this  
12 subtitle may not exceed amounts established by the Department [and may be calculated  
13 as:

14 (1) A fixed lump sum;

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

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

18 ~~(B) A NONPROFIT ORGANIZATION RECEIVING A PERFORMANCE FUNDING~~  
19 ~~GRANT FROM THE DEPARTMENT MUST PROVIDE MATCHING FUNDS IN AN AMOUNT~~  
20 ~~NOT LESS THAN 50 PERCENT OF THE AMOUNT OF THE PERFORMANCE FUNDING~~  
21 ~~GRANT RECEIVED.~~

22 ~~(C) OPERATING ASSISTANCE AND PERFORMANCE FUNDING GRANTS MAY BE~~  
23 ~~USED BY AND AT THE DISCRETION OF THE NONPROFIT ORGANIZATION FOR~~  
24 ~~ADMINISTRATIVE AND OPERATING EXPENSES, ORGANIZATIONAL COSTS, AND~~  
25 ~~OTHER COSTS ASSOCIATED WITH THE PRODUCTION OF HOUSING.~~

26 ~~{(b)}~~ ~~(D)~~ Subject to § 2-1202 of this subtitle, a nonprofit organization may receive  
27 a grant or grants, for up to 3 years for capacity building purposes in each of the housing  
28 development areas of rental housing programs, home ownership programs, and special  
29 loan programs.

30 ~~{(c)}~~ ~~(E)~~ A grant made under § 2-1202 of this subtitle may be for a term of up to  
31 3 years if, in the determination of the Department, the performance of the nonprofit  
32 organization in the preceding year is acceptable and funds are appropriated and available  
33 in the succeeding year.

34 ~~(F) SUBJECT TO § 2-1203.1 OF THIS SUBTITLE, A NONPROFIT ORGANIZATION~~  
35 ~~MAY RECEIVE PERFORMANCE FUNDING GRANTS, EACH GRANT HAVING A TERM OF~~  
36 ~~UP TO 3 YEARS IN EACH OF THE HOUSING DEVELOPMENT AREAS OF RENTAL~~  
37 ~~HOUSING PROGRAMS, HOMEOWNERSHIP PROGRAMS, AND SPECIAL LOAN~~  
38 ~~PROGRAMS FOR AS LONG AS THE DEPARTMENT DETERMINES THAT THE~~  
39 ~~NONPROFIT ORGANIZATION IS IN NEED OF ASSISTANCE WITH OPERATING COSTS,~~  
40 ~~HAS SUSTAINED PERFORMANCE, AND HAS MET THE GOALS IN THE ORGANIZATION'S~~  
41 ~~ANNUAL WORK PROGRAM.~~

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1            ~~{(d)}~~ ~~(G)~~ During any fiscal year, the total amount of all operating assistance ~~AND~~  
2 ~~PERFORMANCE FUNDING~~ grants made under this subtitle shall be made from, ~~and may~~  
3 ~~not exceed~~ ~~{1} 2 percent~~ UP TO 1 PERCENT of the total aggregate amount of budgeted  
4 moneys in the Rental Housing Programs Fund, Homeownership Programs Fund, and  
5 Special Loan Programs Fund AND FROM ANY FUNDS APPROPRIATED FROM ANY  
6 OTHER SOURCE.

7 [2-1206.

8            The demonstration projects authorized under this subtitle shall terminate on June  
9 30, 1997.]

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