
By: **Delegates McIntosh, Anderson, and Doory**
Introduced and read first time: February 7, 2003
Assigned to: Environmental Matters

Committee Report: Favorable with amendments
House action: Adopted with floor amendments
Read second time: March 11, 2003

CHAPTER _____

1 AN ACT concerning

2 **Housing - Community Legacy Program - Neighborhood Intervention**
3 **Projects**

4 FOR the purpose of altering the purposes of a community legacy project to include the
5 financing of a neighborhood intervention project for the rehabilitation or
6 demolition of properties located in stable neighborhoods under certain
7 circumstances; establishing a certain priority for the review and approval of
8 applications for financial assistance under the Community Legacy Program
9 under certain circumstances; limiting the amount of financial assistance that
10 may be awarded under a community legacy agreement; creating a certain
11 Neighborhood Intervention Fund within the Community Legacy Financial
12 Assistance Fund; providing for allocations to and transfers from the
13 Neighborhood Intervention Fund under certain circumstances requiring the
14 Community Legacy Board to allocate annually no less than a certain percentage
15 of the Community Legacy Financial Assistance Fund to neighborhood
16 intervention projects; imposing certain obligations on a sponsor of a
17 neighborhood intervention project under certain circumstances; defining certain
18 terms; making stylistic changes; and generally relating to neighborhood
19 intervention projects and the Community Legacy Program.

20 BY repealing and reenacting, with amendments,
21 Article 83B - Department of Housing and Community Development
22 Section 4-801 and 4-806
23 Annotated Code of Maryland
24 (1998 Replacement Volume and 2002 Supplement)

25 BY repealing and reenacting, without amendments,

1 Article 83B - Department of Housing and Community Development
2 Section 4-811
3 Annotated Code of Maryland
4 (1998 Replacement Volume and 2002 Supplement)

5 BY adding to
6 Article 83B - Department of Housing and Community Development
7 Section 4-812 ~~and 4-813~~
8 Annotated Code of Maryland
9 (1998 Replacement Volume and 2002 Supplement)

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

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

13 4-801.

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

15 (b) "Application" means an application to the Board that may include one or
16 more of the following:

17 (1) A request that an area be designated as a community legacy area;

18 (2) A request to approve a community legacy plan; or

19 (3) A request to approve a community legacy project.

20 (c) "Board" means the Community Legacy Board.

21 (D) "COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION" MEANS A
22 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION AS DEFINED UNDER 12 U.S.C. §
23 4702, AS AMENDED.

24 [(d)] (E) (1) "Community development organization" means a corporation,
25 foundation, or other legal entity which operates for the purpose of improving the
26 physical, economic, or social environment of its geographic areas of operation.

27 (2) "Community development organization" does not include a
28 corporation, foundation, or other legal entity in which all or a portion of the net
29 earnings inures to the benefit of any private shareholder or individual holding an
30 interest in that entity.

31 [(e)] (F) "Community legacy agreement" means an agreement between the
32 Department and a sponsor to develop a community legacy plan or implement one or
33 more community legacy projects in a designated community legacy area.

34 [(f)] (G) "Community legacy area" means an area:

- 1 (1) Located in a priority funding area; and
- 2 (2) Determined by the Board to satisfy the requirements of § 4-805 of
3 this subtitle.

4 [(g)] (H) "Community legacy plan" means a plan submitted by a sponsor to the
5 Board for approval which may consist of one or more community legacy projects
6 designed to prevent or reverse decline or disinvestment in a community legacy area
7 through improvements in residential, commercial, or other public or private
8 properties.

9 [(h)] (I) (1) "Community legacy project" means a project or projects
10 submitted by a sponsor to the Board for approval [that is consistent with a
11 community legacy plan] IN ACCORDANCE WITH THIS SUBTITLE.

12 (2) "Community legacy project" includes projects to:

13 (i) Create, improve, or preserve housing opportunities, including
14 the acquisition, construction, rehabilitation, or improvement of new or existing
15 homeownership or rental properties;

16 (ii) Strategically demolish buildings or improvements to enhance
17 the use of land;

18 (iii) Create, improve, or preserve mixed-use or commercial
19 development, including any appropriate combination of properties related to
20 business, housing, open-space, and institutional uses;

21 (iv) Develop public infrastructure that is incidental to the
22 implementation of a community legacy project, such as streets, parking, public
23 utilities, landscaping, lighting, and improvements to pedestrian and bicycle
24 circulation;

25 (v) Encourage and develop cooperative ownership control of
26 open-space;

27 (vi) Develop or create strategies targeted at increasing investment
28 in existing communities, including outreach activities designed to attract business,
29 capital, residents, and visitors and the development and maintenance of resources
30 directly related to the development of a community legacy plan or the implementation
31 of a community legacy project;

32 (vii) Acquire or improve vacant buildings or unimproved land,
33 including the practice of landbanking; [or]

34 (VIII) PROVIDE FINANCING FOR A NEIGHBORHOOD INTERVENTION
35 PROJECT; OR

1 [(viii)] (IX) Develop any other community legacy plans or implement
2 any other community legacy projects that the Board deems necessary to further the
3 purposes of this subtitle.

4 [(i) "Priority funding area" means an area designated as a priority funding
5 area under § 5-7B-02 of the State Finance and Procurement Article.]

6 (j) "Financial assistance" includes:

7 (1) A grant;

8 (2) A loan;

9 (3) Any reduction in the principal obligation of or rate of interest payable
10 on a loan or portion of a loan;

11 (4) Any prepayment of interest on a subordinate or superior loan or
12 portion of a loan;

13 (5) Any assurance;

14 (6) Any guarantee; or

15 (7) Any other form of credit enhancement.

16 (k) "Landbanking" means the acquisition and holding of improved and
17 unimproved property in anticipation of future development of the property or to
18 ensure the future use of the property and improvements remain affordable.

19 (L) "NEIGHBORHOOD INTERVENTION PROJECT" MEANS A PROJECT
20 SPONSORED BY:

21 (1) A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION TO PROVIDE
22 FINANCIAL ASSISTANCE TO INDIVIDUALS OR BUSINESS ENTITIES THAT ARE
23 OWNER-OCCUPANTS, COMMUNITY DEVELOPMENT ORGANIZATIONS, OR LOCAL
24 GOVERNMENTS FOR THE PURPOSE OF BUYING PROPERTIES THAT ARE IN NEED OF
25 REHABILITATION AND ARE LOCATED IN OTHERWISE STABLE NEIGHBORHOODS SO
26 AS TO REDEVELOP THE PROPERTIES THROUGH REHABILITATION, DEMOLITION,
27 RECONSTRUCTION, OR RE-USE; OR

28 (2) A LOCAL GOVERNMENT FOR THE PURPOSE OF DEMOLISHING
29 IMPROVEMENTS ON PROPERTY THAT ARE:

30 (I) DANGEROUS FOR USE OR OCCUPANCY;

31 (II) SO DETERIORATED THAT REHABILITATION IS NOT FEASIBLE;

32 AND

33 (III) LOCATED IN OTHERWISE STABLE NEIGHBORHOODS.

1 (M) "PRIORITY FUNDING AREA" MEANS AN AREA DESIGNATED AS A PRIORITY
2 FUNDING AREA UNDER § 5-7B-02 OF THE STATE FINANCE AND PROCUREMENT
3 ARTICLE.

4 [(l)] (N) "Program" means the Community Legacy Program established by
5 this subtitle.

6 [(m)] (O) "Sponsor" [means a local government, group of local governments,
7 or community development organization] MEANS:

- 8 (1) A LOCAL GOVERNMENT;
- 9 (2) A GROUP OF LOCAL GOVERNMENTS;
- 10 (3) A COMMUNITY DEVELOPMENT ORGANIZATION; OR
- 11 (4) A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.

12 4-806.

13 (a) The Board shall:

- 14 (1) Review applications and may request additional information from a
15 sponsor;
- 16 (2) Accept public input on applications;
- 17 (3) Submit applications to appropriate State agencies and consider any
18 recommendations made regarding the applications;
- 19 (4) Consider geographical balance when approving an application;
- 20 (5) GIVE PRIORITY IN AWARDING FINANCIAL ASSISTANCE TO
21 APPLICATIONS THAT PROVIDE FOR THE LIKELY REPAYMENT OF THE FINANCIAL
22 ASSISTANCE TO A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION OR TO THE
23 COMMUNITY LEGACY FINANCIAL ASSISTANCE FUND; and

24 [(5)] (6) Refer all approved applications to the Secretary.

25 (b) (1) The Board may not approve an application unless the sponsor obtains
26 a resolution [of] FROM A local government approving an application.

27 (2) (i) If an application affects a community legacy area located
28 entirely within a municipal corporation, the approval shall come from the municipal
29 corporation rather than the surrounding county.

30 (ii) If [a community legacy plan] AN APPLICATION affects
31 community legacy areas within the territory of more than one local government, the
32 sponsor shall obtain a resolution from each local government in which the community
33 legacy area is located.

1 (c) (1) The Secretary shall award financial assistance to a sponsor or a
 2 sponsor's designee in an amount and type determined by the Board and pursuant to
 3 the terms of a community legacy agreement.

4 (2) THE SECRETARY MAY NOT AWARD MORE THAN \$500,000 IN
 5 FINANCIAL ASSISTANCE UNDER A COMMUNITY LEGACY AGREEMENT.

6 4-811.

7 (a) There is a Community Legacy Financial Assistance Fund established for
 8 the purposes specified in this subtitle.

9 (b) (1) The Fund is a continuing, nonlapsing fund, which is not subject to §
 10 7-302 of the State Finance and Procurement Article.

11 (2) The Treasurer shall separately hold and the Comptroller shall
 12 account for the Fund.

13 (3) Notwithstanding any other provision of law, the Treasurer may
 14 invest moneys in the Fund in a manner consistent with the investment of moneys by
 15 the State Retirement and Pension System.

16 (4) Any investment earnings of the Fund shall be paid into the Fund.

17 (c) The Secretary shall administer the Fund in accordance with the
 18 recommendations of the Board.

19 (d) The Fund consists of:

20 (1) Moneys appropriated in the State budget to the Fund;

21 (2) Earnings from the investment of moneys in the Fund;

22 (3) Repayments and prepayments of financial assistance provided by the
 23 Program; and

24 (4) Any other moneys accepted for the benefit of the Fund from any
 25 governmental or private source.

26 4-812.

27 ~~(A) (1) THERE IS A NEIGHBORHOOD INTERVENTION FUND ESTABLISHED~~
 28 ~~WITHIN THE COMMUNITY LEGACY FINANCIAL ASSISTANCE FUND.~~

29 ~~(2) EXCEPT AS PROVIDED IN THIS SECTION, THE PROVISIONS OF § 4-811~~
 30 ~~OF THIS SUBTITLE SHALL APPLY TO THE NEIGHBORHOOD INTERVENTION FUND.~~

31 ~~(B) THE NEIGHBORHOOD INTERVENTION FUND CONSISTS OF:~~

32 ~~(1) MONEYS APPROPRIATED IN THE STATE BUDGET TO THE~~
 33 ~~NEIGHBORHOOD INTERVENTION FUND;~~

1 (2) EARNINGS FROM THE INVESTMENT OF MONEYS IN THE
2 NEIGHBORHOOD INTERVENTION FUND;

3 (3) REPAYMENTS AND PREPAYMENTS OF FINANCIAL ASSISTANCE
4 PROVIDED BY THE PROGRAM FOR NEIGHBORHOOD INTERVENTION PROJECTS;

5 (4) MONEYS ALLOCATED TO THE NEIGHBORHOOD INTERVENTION FUND
6 BY THE BOARD IN ACCORDANCE WITH § 4-813 OF THIS SUBTITLE; AND

7 (5) ANY OTHER MONEYS ACCEPTED FOR THE BENEFIT OF THE
8 NEIGHBORHOOD INTERVENTION FUND FROM ANY GOVERNMENTAL OR PRIVATE
9 SOURCE.

10 (C) THE NEIGHBORHOOD INTERVENTION FUND SHALL BE USED ONLY FOR
11 NEIGHBORHOOD INTERVENTION PROJECTS.

12 (D) AT ANY TIME FOLLOWING DECEMBER 1 OF EACH FISCAL YEAR, THE
13 DEPARTMENT MAY TRANSFER, SUBJECT TO THE PROVISIONS OF § 7-209 OF THE
14 STATE FINANCE AND PROCUREMENT ARTICLE, UNENCUMBERED MONEYS IN THE
15 NEIGHBORHOOD INTERVENTION FUND TO THE COMMUNITY LEGACY FINANCIAL
16 ASSISTANCE FUND EXCEPT AS MAY BE PROVIDED IN THE STATE BUDGET.

17 4-813.

18 (A) THE BOARD MAY WAIVE THE REQUIREMENTS OF §§ 4-804(B)(1) AND 4-805
19 OF THIS SUBTITLE REGARDING THE DESIGNATION OF A COMMUNITY LEGACY AREA
20 AND A COMMUNITY LEGACY PLAN FOR APPLICATIONS REQUESTING FINANCIAL
21 ASSISTANCE SOLELY FOR A NEIGHBORHOOD INTERVENTION PROJECT.

22 (B) (1) ~~THE BOARD SHALL ANNUALLY ALLOCATE TO THE NEIGHBORHOOD~~
23 ~~INTERVENTION FUND ESTABLISHED UNDER § 4-812 OF THIS SUBTITLE ANY~~
24 ~~REPAYMENTS OF FINANCIAL ASSISTANCE RECEIVED UNDER SUBSECTION (D) OF~~
25 ~~THIS SECTION.~~

26 (2) THE BOARD SHALL ANNUALLY ALLOCATE A PERCENTAGE, NO LESS
27 THAN 15%, OF THE COMMUNITY LEGACY FINANCIAL ASSISTANCE FUND TO ~~THE~~
28 ~~NEIGHBORHOOD INTERVENTION FUND, WHICH AMOUNT SHALL INCLUDE ANY~~
29 ~~REPAYMENTS ALLOCATED UNDER PARAGRAPH (1) OF THIS SUBSECTION~~ PROJECTS.

30 (C) TO RECEIVE FINANCIAL ASSISTANCE FOR A NEIGHBORHOOD
31 INTERVENTION PROJECT DESCRIBED IN § 4-801(L)(1) OF THIS SUBTITLE, THE
32 SPONSOR SHALL AGREE TO USE THE FINANCIAL ASSISTANCE, AND ANY
33 REPAYMENTS AND PREPAYMENTS, PRIMARILY TO MAKE LOANS FOR THE PURPOSE
34 SET FORTH IN § 4-801(L)(1) OF THIS SUBTITLE.

35 (D) TO RECEIVE FINANCIAL ASSISTANCE FOR A NEIGHBORHOOD
36 INTERVENTION PROJECT DESCRIBED IN § 4-801(L)(2) OF THIS SUBTITLE, THE
37 SPONSOR SHALL AGREE TO REPAY THE FINANCIAL ASSISTANCE TO THE COMMUNITY
38 LEGACY FINANCIAL ASSISTANCE FUND, UP TO THE AMOUNT RECEIVED BY THE
39 SPONSOR FROM:

1 (1) THE NET PROCEEDS OF THE SALE OF THE PROPERTY ON WHICH THE
2 DEMOLITION TOOK PLACE; OR

3 (2) ANY PAYMENT TO THE SPONSOR FOR THE COSTS INCURRED IN
4 DEMOLISHING THE IMPROVEMENTS ON THE PROPERTY.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 July 1, 2003.