

SENATE BILL 618

Unofficial Copy
C8

2003 Regular Session
(3lr2379)

ENROLLED BILL

-- Education, Health, and Environmental Affairs and Budget and
Taxation/Environmental Matters --

Introduced by **Senator Conway**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

President.

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 for a neighborhood intervention project; requiring the
11 Community Legacy Board to allocate annually no less than a certain percentage
12 of the Community Legacy Financial Assistance Fund to neighborhood
13 intervention projects; creating a certain Neighborhood Intervention Fund within
14 the Community Legacy Financial Assistance Fund; providing for allocations to
15 and transfers from the Neighborhood Intervention Fund under certain
16 circumstances; imposing certain obligations on a sponsor of a neighborhood

1 intervention project under certain circumstances; defining certain terms;
 2 making stylistic changes; and generally relating to neighborhood intervention
 3 projects and the Community Legacy Program.

4 BY repealing and reenacting, with amendments,
 5 Article 83B - Department of Housing and Community Development
 6 Section 4-801 and 4-806
 7 Annotated Code of Maryland
 8 (1998 Replacement Volume and 2002 Supplement)

9 BY repealing and reenacting, without amendments,
 10 Article 83B - Department of Housing and Community Development
 11 Section 4-811
 12 Annotated Code of Maryland
 13 (1998 Replacement Volume and 2002 Supplement)

14 BY adding to
 15 Article 83B - Department of Housing and Community Development
 16 Section 4-812 ~~and 4-813~~
 17 Annotated Code of Maryland
 18 (1998 Replacement Volume and 2002 Supplement)

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

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

22 4-801.

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

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

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

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

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

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

30 (D) "COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION" MEANS A
 31 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION AS DEFINED UNDER 12 U.S.C. §
 32 4702, AS AMENDED.

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

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

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

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

12 (1) Located in a priority funding area; and

13 (2) Determined by the Board to satisfy the requirements of § 4-805 of
14 this subtitle.

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

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

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

24 (i) Create, improve, or preserve housing opportunities, including
25 the acquisition, construction, rehabilitation, or improvement of new or existing
26 homeownership or rental properties;

27 (ii) Strategically demolish buildings or improvements to enhance
28 the use of land;

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

32 (iv) Develop public infrastructure that is incidental to the
33 implementation of a community legacy project, such as streets, parking, public
34 utilities, landscaping, lighting, and improvements to pedestrian and bicycle
35 circulation;

36 (v) Encourage and develop cooperative ownership control of
37 open-space;

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

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

8 (VIII) PROVIDE FINANCING FOR A NEIGHBORHOOD INTERVENTION
 9 PROJECT; OR

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

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

15 (j) "Financial assistance" includes:

16 (1) A grant;

17 (2) A loan;

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

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

22 (5) Any assurance;

23 (6) Any guarantee; or

24 (7) Any other form of credit enhancement.

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

28 (L) "NEIGHBORHOOD INTERVENTION PROJECT" MEANS A PROJECT
 29 SPONSORED BY:

30 (1) A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION TO PROVIDE
 31 FINANCIAL ASSISTANCE TO INDIVIDUALS OR BUSINESS ENTITIES THAT ARE
 32 OWNER-OCCUPANTS, COMMUNITY DEVELOPMENT ORGANIZATIONS, OR LOCAL
 33 GOVERNMENTS FOR THE PURPOSE OF BUYING PROPERTIES THAT ARE IN NEED OF
 34 REHABILITATION AND ARE LOCATED IN OTHERWISE STABLE NEIGHBORHOODS SO
 35 AS TO REDEVELOP THE PROPERTIES THROUGH REHABILITATION, DEMOLITION,
 36 RECONSTRUCTION, OR RE-USE; OR

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

3 (I) DANGEROUS FOR USE OR OCCUPANCY;

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

5 AND

6 (III) LOCATED IN OTHERWISE STABLE NEIGHBORHOODS.

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

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

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

14 (1) A LOCAL GOVERNMENT;

15 (2) A GROUP OF LOCAL GOVERNMENTS;

16 (3) A COMMUNITY DEVELOPMENT ORGANIZATION; OR

17 (4) A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.

18 4-806.

19 (a) The Board shall:

20 (1) Review applications and may request additional information from a
21 sponsor;

22 (2) Accept public input on applications;

23 (3) Submit applications to appropriate State agencies and consider any
24 recommendations made regarding the applications;

25 (4) Consider geographical balance when approving an application;

26 (5) GIVE PRIORITY IN AWARDING FINANCIAL ASSISTANCE TO
27 APPLICATIONS THAT PROVIDE FOR THE LIKELY REPAYMENT OF THE FINANCIAL
28 ASSISTANCE TO A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION OR TO THE
29 COMMUNITY LEGACY FINANCIAL ASSISTANCE FUND; and

30 [(5)] (6) Refer all approved applications to the Secretary.

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

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

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

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

11 4-811.

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

14 (b) (1) The Fund is a continuing, nonlapsing fund, which is not subject to §
15 7-302 of the State Finance and Procurement Article.

16 (2) The Treasurer shall separately hold and the Comptroller shall
17 account for the Fund.

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

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

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

24 (d) The Fund consists of:

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

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

27 (3) Repayments and prepayments of financial assistance provided by the
28 Program; and

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

31 4-812.

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

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

3 (B) THE NEIGHBORHOOD INTERVENTION FUND CONSISTS OF:

4 (1) MONEYS APPROPRIATED IN THE STATE BUDGET TO THE
5 NEIGHBORHOOD INTERVENTION FUND;

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

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

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

12 (5) ANY OTHER MONEYS ACCEPTED FOR THE BENEFIT OF THE
13 NEIGHBORHOOD INTERVENTION FUND FROM ANY GOVERNMENTAL OR PRIVATE
14 SOURCE.

15 (C) THE NEIGHBORHOOD INTERVENTION FUND SHALL BE USED ONLY FOR
16 NEIGHBORHOOD INTERVENTION PROJECTS.

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

22 ~~4-813.~~

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

27 (B) (1) THE BOARD SHALL ANNUALLY ALLOCATE TO THE NEIGHBORHOOD
28 INTERVENTION FUND ESTABLISHED UNDER § 4-812 OF THIS SUBTITLE ANY
29 REPAYMENTS OF FINANCIAL ASSISTANCE RECEIVED UNDER SUBSECTION (D) OF
30 THIS SECTION.

31 (2) THE BOARD SHALL ANNUALLY ALLOCATE A PERCENTAGE, NO LESS
32 THAN 15%, OF THE COMMUNITY LEGACY FINANCIAL ASSISTANCE FUND TO THE
33 NEIGHBORHOOD INTERVENTION FUND, WHICH AMOUNT SHALL INCLUDE ANY
34 REPAYMENTS ALLOCATED UNDER PARAGRAPH (1) OF THIS SUBSECTION.

35 (1) THE BOARD SHALL ANNUALLY ALLOCATE A PERCENTAGE, NO LESS
36 THAN 10% OF THE COMMUNITY LEGACY FINANCIAL ASSISTANCE FUND TO
37 NEIGHBORHOOD INTERVENTION PROJECTS.

1 (2) THE BOARD MAY NOT AWARD MORE THAN \$500,000 IN FINANCIAL
2 ASSISTANCE FOR A NEIGHBORHOOD INTERVENTION PROJECT.

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

8 ~~(D)~~ ~~(C)~~(D) TO RECEIVE FINANCIAL ASSISTANCE FOR A NEIGHBORHOOD
9 INTERVENTION PROJECT DESCRIBED IN § 4-801(L)(2) OF THIS SUBTITLE, THE
10 SPONSOR SHALL AGREE TO REPAY THE FINANCIAL ASSISTANCE TO THE COMMUNITY
11 LEGACY FINANCIAL ASSISTANCE FUND, UP TO THE AMOUNT RECEIVED BY THE
12 SPONSOR FROM:

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

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

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