

SENATE BILL 618

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C8

2003 Regular Session
3r2379
CF 3r1473

By: **Senator Conway**

Introduced and read first time: February 7, 2003

Assigned to: Rules

A BILL ENTITLED

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; creating a certain Neighborhood Intervention
10 Fund within the Community Legacy Financial Assistance Fund; providing for
11 allocations to and transfers from the Neighborhood Intervention Fund under
12 certain circumstances; imposing certain obligations on a sponsor of a
13 neighborhood intervention project under certain circumstances; defining certain
14 terms; making stylistic changes; and generally relating to neighborhood
15 intervention projects and the Community Legacy Program.

16 BY repealing and reenacting, with amendments,
17 Article 83B - Department of Housing and Community Development
18 Section 4-801 and 4-806
19 Annotated Code of Maryland
20 (1998 Replacement Volume and 2002 Supplement)

21 BY repealing and reenacting, without amendments,
22 Article 83B - Department of Housing and Community Development
23 Section 4-811
24 Annotated Code of Maryland
25 (1998 Replacement Volume and 2002 Supplement)

26 BY adding to
27 Article 83B - Department of Housing and Community Development
28 Section 4-812 and 4-813
29 Annotated Code of Maryland
30 (1998 Replacement Volume and 2002 Supplement)

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

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

4 4-801.

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

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

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

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

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

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

12 (D) "COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION" MEANS A
13 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION AS DEFINED UNDER 12 U.S.C. §
14 4702, AS AMENDED.

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

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

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

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

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

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

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

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

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

5 (i) Create, improve, or preserve housing opportunities, including
6 the acquisition, construction, rehabilitation, or improvement of new or existing
7 homeownership or rental properties;

8 (ii) Strategic demolition buildings or improvements to enhance
9 the use of land;

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

13 (iv) Develop public infrastructure that is incidental to the
14 implementation of a community legacy project, such as streets, parking, public
15 utilities, landscaping, lighting, and improvements to pedestrian and bicycle
16 circulation;

17 (v) Encourage and develop cooperative ownership control of
18 open-space;

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

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

26 (VIII) PROVIDE FINANCING FOR A NEIGHBORHOOD INTERVENTION
27 PROJECT; OR

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

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

33 (j) "Financial assistance" includes:

34 (1) A grant;

35 (2) A loan;

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

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

5 (5) Any assurance;

6 (6) Any guarantee; or

7 (7) Any other form of credit enhancement.

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

11 (L) "NEIGHBORHOOD INTERVENTION PROJECT" MEANS A PROJECT
12 SPONSORED BY:

13 (1) A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION TO PROVIDE
14 FINANCIAL ASSISTANCE TO INDIVIDUALS OR BUSINESS ENTITIES THAT ARE
15 OWNER-OCCUPANTS, COMMUNITY DEVELOPMENT ORGANIZATIONS, OR LOCAL
16 GOVERNMENTS FOR THE PURPOSE OF BUYING PROPERTIES THAT ARE IN NEED OF
17 REHABILITATION AND ARE LOCATED IN OTHERWISE STABLE NEIGHBORHOODS SO
18 AS TO REDEVELOP THE PROPERTIES THROUGH REHABILITATION, DEMOLITION,
19 RECONSTRUCTION, OR RE-USE; OR

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

22 (I) DANGEROUS FOR USE OR OCCUPANCY;

23 (II) SO DETERIORATED THAT REHABILITATION IS NOT FEASIBLE;
24 AND

25 (III) LOCATED IN OTHERWISE STABLE NEIGHBORHOODS.

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

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

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

33 (1) A LOCAL GOVERNMENT;

34 (2) A GROUP OF LOCAL GOVERNMENTS;

1 (3) A COMMUNITY DEVELOPMENT ORGANIZATION; OR

2 (4) A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.

3 4-806.

4 (a) The Board shall:

5 (1) Review applications and may request additional information from a
6 sponsor;

7 (2) Accept public input on applications;

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

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

11 (5) GIVE PRIORITY IN AWARDING FINANCIAL ASSISTANCE TO
12 APPLICATIONS THAT PROVIDE FOR THE LIKELY REPAYMENT OF THE FINANCIAL
13 ASSISTANCE TO A COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION OR TO THE
14 COMMUNITY LEGACY FINANCIAL ASSISTANCE FUND; and

15 [(5)] (6) Refer all approved applications to the Secretary.

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

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

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

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

28 4-811.

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

31 (b) (1) The Fund is a continuing, nonlapsing fund, which is not subject to §
32 7-302 of the State Finance and Procurement Article.

33 (2) The Treasurer shall separately hold and the Comptroller shall
34 account for the Fund.

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

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

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

7 (d) The Fund consists of:

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

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

10 (3) Repayments and prepayments of financial assistance provided by the
11 Program; and

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

14 4-812.

15 (A) (1) THERE IS A NEIGHBORHOOD INTERVENTION FUND ESTABLISHED
16 WITHIN THE COMMUNITY LEGACY FINANCIAL ASSISTANCE FUND.

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

19 (B) THE NEIGHBORHOOD INTERVENTION FUND CONSISTS OF:

20 (1) MONEYS APPROPRIATED IN THE STATE BUDGET TO THE
21 NEIGHBORHOOD INTERVENTION FUND;

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

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

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

28 (5) ANY OTHER MONEYS ACCEPTED FOR THE BENEFIT OF THE
29 NEIGHBORHOOD INTERVENTION FUND FROM ANY GOVERNMENTAL OR PRIVATE
30 SOURCE.

31 (C) THE NEIGHBORHOOD INTERVENTION FUND SHALL BE USED ONLY FOR
32 NEIGHBORHOOD INTERVENTION PROJECTS.

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

6 4-813.

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

11 (B) (1) THE BOARD SHALL ANNUALLY ALLOCATE TO THE NEIGHBORHOOD
12 INTERVENTION FUND ESTABLISHED UNDER § 4-812 OF THIS SUBTITLE ANY
13 REPAYMENTS OF FINANCIAL ASSISTANCE RECEIVED UNDER SUBSECTION (D) OF
14 THIS SECTION.

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

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

24 (D) TO RECEIVE FINANCIAL ASSISTANCE FOR A NEIGHBORHOOD
25 INTERVENTION PROJECT DESCRIBED IN § 4-801(L)(2) OF THIS SUBTITLE, THE
26 SPONSOR SHALL AGREE TO REPAY THE FINANCIAL ASSISTANCE TO THE COMMUNITY
27 LEGACY FINANCIAL ASSISTANCE FUND, UP TO THE AMOUNT RECEIVED BY THE
28 SPONSOR FROM:

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

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

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