
By: **Chair, Education, Health, and Environmental Affairs Committee (By Request - Departmental - Housing and Community Development)**

Introduced and read first time: January 16, 2006

Rules suspended

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable

Senate action: Adopted

Read second time: February 1, 2006

CHAPTER _____

1 AN ACT concerning

2 **Department of Housing and Community Development - Multifamily Rental**
3 **Housing Programs**

4 FOR the purpose of authorizing certain loans under the Multifamily Rehabilitation
5 Program to be made to acquire and rehabilitate buildings that provide more
6 than a certain number of dwellings; adding to the purposes of certain
7 rehabilitation projects the acquisition of buildings that provide more than a
8 certain number of dwellings for certain purposes; clarifying that certain loans
9 for rehabilitation projects may be made to sponsors and nonprofit sponsors in
10 addition to families of limited income; clarifying certain standards that the
11 Department of Housing and Community Development is required to establish by
12 regulation; altering certain standards for a nonprofit sponsor to qualify for a
13 nonprofit rehabilitation loan; making the Department instead of the
14 Community Development Administration responsible for certain administrative
15 responsibilities for certain funds or programs; defining the term "elderly
16 households" as it relates to certain programs of the Department; providing for
17 an effective date; and generally relating to certain housing programs of the
18 Department of Housing and Community Development.

19 BY renumbering
20 Article - Housing and Community Development
21 Section 4-101(d) and (e), respectively
22 to be Section 4-101(e) and (f), respectively
23 Annotated Code of Maryland
24 (2005 Volume)

1 BY repealing and reenacting, without amendments,
2 Article - Housing and Community Development
3 Section 4-101(a) and (b) and 4-401(a)
4 Annotated Code of Maryland
5 (2005 Volume)

6 BY adding to
7 Article - Housing and Community Development
8 Section 4-101(d)
9 Annotated Code of Maryland
10 (2005 Volume)

11 BY repealing and reenacting, with amendments,
12 Article - Housing and Community Development
13 Section 4-235(b), 4-404, 4-405, 4-406(a), 4-408, 4-603, 4-707(a), 4-902(a),
14 4-903, 4-906(b), 4-914(b), 4-922(a), 4-923(a), and 4-929(d)
15 Annotated Code of Maryland
16 (2005 Volume)

17 BY repealing
18 Article - Housing and Community Development
19 Section 4-401(b)
20 Annotated Code of Maryland
21 (2005 Volume)

22 BY renumbering
23 Article - Housing and Community Development
24 Section 4-401(c) and (d), respectively
25 to be Section 4-401(b) and (c), respectively
26 Annotated Code of Maryland
27 (2005 Volume)

28 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
29 MARYLAND, That Section(s) 4-101(d) and (e), respectively, of Article - Housing and
30 Community Development of the Annotated Code of Maryland be renumbered to be
31 Section(s) 4-101(e) and (f), respectively.

32 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
33 read as follows:

34 **Article - Housing and Community Development**

35 4-101.

36 (a) In this title the following words have the meanings indicated.

1 (b) "Administration" means the Community Development Administration.

2 (D) "ELDERLY HOUSEHOLD" MEANS ONE OR MORE INDIVIDUALS WHO
3 OCCUPY A RESIDENTIAL DWELLING UNIT, AT LEAST ONE OF WHOM MEETS THE AGE
4 LIMIT SPECIFIED BY THE SECRETARY THAT:

5 (1) IS GREATER THAN OR EQUAL TO AGE 55; AND

6 (2) MAY VARY FOR DIFFERENT PROGRAMS OR TYPES OF PROJECTS.

7 4-235.

8 (b) (1) In accordance with § 4-213 of this subtitle, the Administration may
9 make, participate in making, purchase, and undertake a commitment for:

10 (i) a mortgage loan or other financial assistance secured by a
11 mortgage lien for a community development project or public purpose project; and

12 (ii) a reverse equity mortgage loan secured by a mortgage lien that
13 is for housing related expenses of an elderly HOUSEHOLD THAT QUALIFIES AS A
14 family of limited income.

15 (2) Financial assistance to purchase a dwelling unit in a community
16 development project or public purpose project under paragraph (1)(i) of this
17 subsection may include a temporary loan or advance and a permanent direct
18 mortgage loan to a family of limited income, if otherwise required by law.

19 (3) Housing related expenses under paragraph (1)(ii) of this subsection
20 include personal expenses that enable the owner to continue to occupy the owner's
21 home.

22 4-401.

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

24 [(b) "Elderly household" means one or more individuals who occupy a
25 residential dwelling unit, at least one of whom is:

26 (1) at least 62 years old; or

27 (2) physically handicapped and would qualify as an elderly person under
28 a federal housing program.]

29 4-404.

30 (a) The [Administration] DEPARTMENT shall:

31 (1) administer the Program;

32 (2) adopt policies to ensure that rental property is made available to
33 low-income elderly households; and

1 (3) use federal and State programs to help carry out the Program.

2 (b) The [Administration] DEPARTMENT shall set income guidelines by
3 considering:

4 (1) the median income for the area;

5 (2) the minimum income needed to afford available standard rental units
6 in the area; and

7 (3) any other factor the [Administration] DEPARTMENT considers
8 relevant.

9 4-405.

10 To achieve the purposes of the Fund, the [Administration] DEPARTMENT shall,
11 from time to time, ask the State to increase or replace amounts deposited with the
12 State Treasurer in the Fund.

13 4-406.

14 (a) The [Administration] DEPARTMENT shall adopt regulations to carry out
15 the Program.

16 4-408.

17 (a) The [Administration] DEPARTMENT shall review applications for loans
18 submitted by private or nonprofit sponsors, political subdivisions, or local housing
19 authorities established under Article 44A of the Code on behalf of sponsors of
20 proposed elderly rental housing projects.

21 (b) In reviewing an application for a deferred payment loan under § 4-409 of
22 this subtitle, the [Administration] DEPARTMENT shall consider:

23 (1) the degree of local government incentive and support provided to the
24 proposed residential rental facility supported by money from the Fund, including
25 contribution of land, abatement of taxes or fees, direct or indirect rental subsidies,
26 and grants;

27 (2) the extent to which low-income elderly households will be assisted by
28 granting the application;

29 (3) the number and percentage of low-income elderly households in the
30 political subdivision; and

31 (4) the quantity and condition of residential property in the political
32 subdivision.

1 4-603.

2 The purpose of the Program is to provide loans to group home sponsors to
3 finance the costs of acquiring, constructing, and modifying buildings as group homes
4 for persons of lower income, [the] elderly HOUSEHOLDS, individuals with disabilities,
5 and other residents of the State with special housing needs.

6 4-707.

7 (a) An individual or family, including [one defined as "elderly" in federal
8 housing law] AN ELDERLY HOUSEHOLD, qualifies as a family of limited income if the
9 income of the individual or family does not exceed the limits that the Secretary sets.
10 4-902.

11 (a) This subtitle applies to buildings that, after rehabilitation, provide:

12 (1) traditional dwellings;

13 (2) single room occupancy;

14 (3) shared living dwellings in which two or more households can live and
15 share some or all of the living, dining, kitchen, or sanitary facilities; or

16 (4) congregate or group housing and related services or temporary
17 shelters and related services that serve:

18 (i) individuals with disabilities or low-income, elderly
19 HOUSEHOLDS, homeless, or other disadvantaged individuals; or

20 (ii) the nonresidential commercial, business, or social needs of the
21 community where the building is located, so as to enhance the economic feasibility of
22 housing rehabilitation in that community.

23 4-903.

24 The General Assembly finds that:

25 (1) (i) many residents of the State live in dwellings that do not
26 conform to building, health, safety, fire, occupancy, or other codes and standards
27 applicable to housing;

28 (ii) many communities or political subdivisions in the State do not
29 have a minimum livability code; and

30 (iii) these conditions impede the development and maintenance of
31 healthy, safe, and viable communities;

32 (2) private sector financing is often unavailable for rehabilitation
33 because:

- 1 (i) owner-occupants of housing in need of rehabilitation often have
2 low incomes; and
- 3 (ii) nonoccupant owners often incur high risks in owning and
4 managing the housing;
- 5 (3) rehabilitating suitable housing:
- 6 (i) increases the economic life of the housing;
- 7 (ii) is often more economical and less disruptive than replacing the
8 housing and relocating its occupants;
- 9 (iii) can better promote community development when it is done
10 through organized housing rehabilitation programs;
- 11 (iv) is essential for sound community development; and
- 12 (v) can be helped by rehabilitating commercial buildings serving
13 communities where housing rehabilitation is desirable;
- 14 (4) it is a proper public purpose for which public money may be spent and
15 property acquired to:
- 16 (i) rehabilitate housing;
- 17 (ii) develop healthful, safe, and viable communities;
- 18 (iii) rehabilitate commercial buildings to help rehabilitate and
19 develop housing; and
- 20 (iv) provide healthful and safe housing for migratory workers to
21 maintain and expand the agricultural activities that are dependent on the labor of
22 these workers; and
- 23 (5) it is a proper public purpose for which public money may be spent to:
- 24 (i) improve, modify, and add to housing to increase the supply of
25 special housing for special populations, such as [the] elderly HOUSEHOLDS,
26 individuals with disabilities, and other disadvantaged residents of the State;
- 27 (ii) prevent lead poisoning by modifying older housing to provide a
28 lead-safe environment, as lead paint in older housing is a major source of lead
29 poisoning in children;
- 30 (iii) provide adequate indoor plumbing, water supply, and sewage
31 disposal systems for dwellings;
- 32 (iv) rehabilitate OR ACQUIRE AND REHABILITATE large rental
33 housing facilities for low- and moderate-income individuals and keep those facilities
34 in a decent, safe, and sanitary condition; and

1 (v) reduce or eliminate radon and asbestos, which are major
2 detriments to the health and safety of residents, on a pilot program basis.

3 4-906.

4 (b) (1) The Multifamily Rehabilitation Program consists of:

5 (i) Program loans made to rehabilitate OR ACQUIRE AND
6 REHABILITATE buildings providing more than four dwellings or serving
7 nonresidential needs; and

8 (ii) Program loans to nonprofit sponsors under § 4-929 of this
9 subtitle.

10 (2) Except for Program loans made under a special loan program, the
11 Regular Rehabilitation Program consists of Program loans to rehabilitate [or
12 reconstruct] residential buildings providing four or fewer dwellings.

13 (3) The Special Rehabilitation Program consists of Program loans made
14 under a special loan program.

15 4-914.

16 (b) (1) By regulation, the Department shall establish standards for
17 determining the capability of a political subdivision to administer a LOCAL
18 rehabilitation program.

19 (2) The standards shall include provisions on:

20 (i) the size, training, and experience of the professional staff that
21 would administer the Program; and

22 (ii) the capability of the professional staff to:

23 1. determine rehabilitation needs;

24 2. establish rehabilitation programs;

25 3. evaluate applications for Program loans; and

26 4. monitor Program loans and the rehabilitation work done
27 with them.

28 4-922.

29 (a) In addition to making loans for rehabilitation projects to SPONSORS,
30 NONPROFIT SPONSORS, OR families of limited income from the Rental Housing
31 Programs Fund and the Special Loan Programs Fund, the Department may use
32 money from any other authorized source, including federal programs of assistance for
33 rehabilitation, to make:

1 (1) grants for rehabilitation projects to families of limited income or
2 nonprofit sponsors; and

3 (2) loans for rehabilitation projects to sponsors, nonprofit sponsors, or
4 families of limited income.

5 4-923.

6 (a) The purpose of a rehabilitation project is:

7 (1) to bring a building to a decent, safe, and sanitary condition in
8 accordance with applicable codes and standards, including those for construction,
9 health, safety, fire, and occupancy;

10 (2) to maintain the building in that condition;

11 (3) to make the building more useful and attractive;

12 (4) to conform the building to the appropriate minimum livability code;

13 (5) TO ACQUIRE A BUILDING CONTAINING MORE THAN FOUR DWELLING
14 UNITS FOR THE PURPOSES SET FORTH IN ITEMS (1) THROUGH (4) OF THIS
15 SUBSECTION;

16 [(5)] (6) to provide, under applicable special loan programs:

17 (i) lead paint abatement;

18 (ii) indoor plumbing; or

19 (iii) shared, accessory, or sheltered housing;

20 [(6)] (7) in the case of a loan to an elderly HOUSEHOLD or A disabled
21 homeowner, to modify or improve a dwelling to make it more accessible or functional
22 for the occupants, if the building is, or after improvements will be, structurally sound
23 and free of health and safety hazards; or

24 [(7)] (8) to provide, under applicable special loan pilot programs, radon
25 abatement or asbestos abatement.

26 4-929.

27 (d) To qualify for a nonprofit rehabilitation loan, a nonprofit sponsor shall:

28 (1) own OR HAVE A CONTRACT TO ACQUIRE the building to be
29 rehabilitated or act on behalf of the owner;

30 (2) demonstrate the capability to manage the rehabilitated project and
31 pay back the loan; and

1 (3) agree to use the loan proceeds for a rehabilitation project that
2 provides housing for families of limited income in accordance with the requirements
3 of § 4-918(a) and (b) of this subtitle.

4 SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 4-401(c) and
5 (d), respectively, of Article - Housing and Community Development of the Annotated
6 Code of Maryland be renumbered to be Section(s) 4-401(b) and (c), respectively.

7 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take
8 effect December 1, 2006.