

# HOUSE BILL 1414

C8

9lr0067

---

By: **Chair, Environmental Matters Committee (By Request – Departmental – Housing and Community Development)**

Introduced and read first time: February 25, 2009

Assigned to: Rules and Executive Nominations

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Community Legacy Program – Neighborhood Intervention Project**  
3 **Applications and Financial Assistance Fund**

4 FOR the purpose of authorizing the Secretary of Housing and Community  
5 Development to approve a community legacy project or neighborhood  
6 intervention project without the approval of the Community Legacy Board  
7 under certain circumstances; repealing certain provisions relating to  
8 neighborhood intervention projects; establishing the purposes of a neighborhood  
9 intervention project; establishing certain eligibility requirements to receive  
10 financial assistance for a neighborhood intervention project; prohibiting the  
11 Board from allocating more than a certain percentage of the Community Legacy  
12 Financial Assistance Fund to neighborhood intervention projects; prohibiting  
13 the Board from awarding more than a certain amount to a neighborhood  
14 intervention project except under certain circumstances; authorizing the  
15 Secretary to reserve up to a certain percentage of money in the Fund for  
16 emergency use or urgent projects under certain circumstances; and generally  
17 relating to the Community Legacy Program within the Department of Housing  
18 and Community Development.

19 BY repealing and reenacting, with amendments,  
20 Article – Housing and Community Development  
21 Section 6–205 and 6–213  
22 Annotated Code of Maryland  
23 (2006 Volume and 2008 Supplement)

24 BY repealing  
25 Article – Housing and Community Development  
26 Section 6–210  
27 Annotated Code of Maryland  
28 (2006 Volume and 2008 Supplement)

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to  
2 Article – Housing and Community Development  
3 Section 6–210  
4 Annotated Code of Maryland  
5 (2006 Volume and 2008 Supplement)

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

8 **Article – Housing and Community Development**

9 6–205.

10 (a) A sponsor may file one or more applications in accordance with the  
11 schedules that the Board establishes.

12 (b) An application shall set forth:

13 (1) a description of one or more community legacy areas where the  
14 sponsor proposes to develop a community legacy plan or to carry out a community  
15 legacy project using the standards listed in § 6–206 of this subtitle;

16 (2) a detailed description of the proposed community legacy plan or  
17 proposed community legacy project;

18 (3) the amount and type of financial assistance sought;

19 (4) the ability of the sponsor to carry out the proposed community  
20 legacy plan or community legacy project;

21 (5) the strength and quality of partnerships created among the federal  
22 government, the State government, political subdivisions, community development  
23 organizations, and other private organizations to develop the community legacy plan  
24 or carry out the community legacy project, including:

25 (i) financial support;

26 (ii) dedication of staff and resources; and

27 (iii) commitment to and development of local smart growth  
28 policies;

29 (6) proposed benchmarks for evaluating whether the proposed  
30 community legacy plan or community legacy project results in a desired outcome for a  
31 proposed community legacy area, such as:

32 (i) stabilizing it;

1 (ii) reversing its social, economic, or physical decline; or

2 (iii) encouraging growth in it; and

3 (7) the process used to seek and receive public input on the proposed  
4 community legacy plan or community legacy project, including the nature and extent  
5 of public support or opposition.

6 (c) **[A] EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, A**  
7 community legacy plan or a community legacy project does not take effect until its  
8 sponsor has submitted to the Board an application for its approval and the Board has  
9 approved it.

10 **(D) THE SECRETARY MAY APPROVE A COMMUNITY LEGACY PROJECT**  
11 **WITHOUT THE APPROVAL OF THE BOARD IN THE CASE OF AN EMERGENCY OR**  
12 **WHEN THE PROJECT REQUIRES URGENT APPROVAL IF THE PROJECT IS FUNDED**  
13 **FROM THE RESERVE ESTABLISHED UNDER § 6-213(H) OF THIS SUBTITLE.**

14 [6-210.

15 (a) (1) A community development financial institution may sponsor a  
16 neighborhood intervention project to give financial assistance to individuals or  
17 business entities that are owner-occupants, community development organizations, or  
18 political subdivisions to:

19 (i) buy properties that need rehabilitation and are in otherwise  
20 stable neighborhoods; and

21 (ii) redevelop the properties through rehabilitation, demolition,  
22 reconstruction, or re-use.

23 (2) To receive financial assistance for a neighborhood intervention  
24 project, a community development financial institution shall agree to use the financial  
25 assistance, and any repayments and prepayments, primarily to make loans for the  
26 purposes listed under paragraph (1) of this subsection.

27 (b) (1) A political subdivision or its governmental unit may sponsor a  
28 neighborhood intervention project to demolish property improvements that are:

29 (i) dangerous for use or occupancy;

30 (ii) so deteriorated that rehabilitation is not feasible; and

31 (iii) located in otherwise stable neighborhoods.

1           (2) A political subdivision or its governmental unit may sponsor a  
2 neighborhood intervention project to demolish improvements on property to prepare  
3 the property for revitalization, redevelopment, or re-use as a part of a redevelopment  
4 plan that the Board approves.

5           (3) To receive financial assistance for a neighborhood intervention  
6 project under paragraph (1)(i), (ii), or (iii) of this subsection, a political subdivision  
7 shall agree to repay the financial assistance to the Community Legacy Financial  
8 Assistance Fund, up to the amount the political subdivision receives from:

9                   (i) the net proceeds of the sale of the property on which the  
10 demolition took place; or

11                   (ii) any payment to the political subdivision relating to the  
12 property, including any payment for the costs of demolishing the improvements on the  
13 property.

14           (c) (1) For an application that requests financial assistance only for a  
15 neighborhood intervention project, the Board may waive the requirements of §§  
16 6-205(b)(1) and 6-206 of this subtitle regarding the designation of a community legacy  
17 area and a community legacy plan.

18           (2) On request from a sponsor, the Board may grant a full or partial  
19 waiver of the requirements of subsections (b)(3)(i) or (ii) or (e)(4) or (5) of this section.

20           (d) (1) The Board annually shall allocate at least 10% of the Community  
21 Legacy Financial Assistance Fund to neighborhood intervention projects.

22           (2) The Board may not award more than \$500,000 for any  
23 neighborhood intervention project.

24           (e) To receive financial assistance for a neighborhood intervention project to  
25 demolish improvements and prepare property for revitalization, redevelopment, or  
26 re-use as a part of a redevelopment plan, the sponsor must provide evidence, at the  
27 time of application:

28                   (1) of a legal interest in the property through:

29                           (i) ownership of the property;

30                           (ii) a contract, option, or other legal right to acquire the  
31 property; or

32                           (iii) the right to demolish the improvements on the property;

33                   (2) of an intention to revitalize, redevelop, or re-use the property as  
34 part of a redevelopment plan approved by the Board;

1 (3) of compliance with the requirements of §§ 5A-325 and 5A-326 of  
2 the State Finance and Procurement Article and § 13-1112(b) of the Financial  
3 Institutions Article;

4 (4) that the sponsor will contribute an amount at least equal to the  
5 financial assistance from the Program towards the demolition of the improvements on  
6 the property;

7 (5) of an agreement to repay the financial assistance to the  
8 Community Legacy Financial Assistance Fund, up to the amount received by the  
9 sponsor from:

10 (i) the net proceeds of the sale of the property; or

11 (ii) any payments to the sponsor relating to the property,  
12 including any payment for the costs incurred in demolishing the improvements on the  
13 property; and

14 (6) that the financial assistance from the Program shall be the least  
15 amount necessary to complete the project.]

16 **6-210.**

17 (A) **THE PURPOSES OF A NEIGHBORHOOD INTERVENTION PROJECT ARE**  
18 **TO PROVIDE FINANCIAL ASSISTANCE FOR:**

19 (1) **BUYING PROPERTIES THAT NEED REHABILITATION AND**  
20 **REDEVELOPING THE PROPERTIES THROUGH REHABILITATION, DEMOLITION,**  
21 **RECONSTRUCTION, OR RE-USE; OR**

22 (2) **DEMOLISHING PROPERTY IMPROVEMENTS AND PREPARING**  
23 **PROPERTY FOR REVITALIZATION, REDEVELOPMENT, OR RE-USE.**

24 (B) **TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE FOR A**  
25 **NEIGHBORHOOD INTERVENTION PROJECT, AN APPLICANT SHALL BE:**

26 (1) **A POLITICAL SUBDIVISION; OR**

27 (2) **A COMMUNITY DEVELOPMENT FINANCE INSTITUTION.**

28 (C) **TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE, THE APPLICANT**  
29 **MUST PROVIDE EVIDENCE AT THE TIME OF APPLICATION THAT:**

30 (1) **THE APPLICANT HAS A LEGAL INTEREST IN THE PROPERTY**  
31 **THROUGH:**

1 (I) OWNERSHIP OF THE PROPERTY;

2 (II) A CONTRACT, OPTION, OR OTHER LEGAL RIGHT TO  
3 ACQUIRE THE PROPERTY; OR

4 (III) THE RIGHT TO DEMOLISH THE IMPROVEMENTS ON THE  
5 PROPERTY;

6 (2) THE APPLICANT INTENDS TO REVITALIZE, REDEVELOP, SELL,  
7 OR RE-USE THE PROPERTY AS PART OF A REDEVELOPMENT STRATEGY FOR THE  
8 PROPERTY OR A REDEVELOPMENT PLAN;

9 (3) THE APPLICANT HAS COMPLIED WITH THE REQUIREMENTS OF  
10 §§ 5A-325 AND 5A-326 OF THE STATE FINANCE AND PROCUREMENT ARTICLE  
11 AND § 13-1112(B) OF THE FINANCIAL INSTITUTIONS ARTICLE;

12 (4) THE FINANCIAL ASSISTANCE FROM THE PROGRAM IS THE  
13 LEAST AMOUNT NECESSARY TO COMPLETE THE PROJECT; AND

14 (5) THE PROJECT MEETS ANY OTHER CONDITION THAT THE  
15 BOARD MAY REQUIRE UNDER THIS SUBTITLE.

16 (D) UNLESS WAIVED BY THE BOARD OR THE SECRETARY ACTING  
17 UNDER SUBSECTION (F) OF THIS SECTION, A NEIGHBORHOOD INTERVENTION  
18 PROJECT SHALL MEET THE ADDITIONAL FOLLOWING REQUIREMENTS:

19 (1) THE PROJECT SHALL BE LOCATED IN A COMMUNITY LEGACY  
20 AREA AND BE A PART OF A COMMUNITY LEGACY PLAN IN ACCORDANCE WITH §§  
21 6-205(B)(1) AND 6-206 OF THIS SUBTITLE; AND

22 (2) FOR A PROJECT UNDER SUBSECTION (A)(2) OF THIS SECTION,  
23 THE APPLICANT SHALL AGREE TO REPAY THE FINANCIAL ASSISTANCE TO THE  
24 COMMUNITY LEGACY FINANCIAL ASSISTANCE FUND, UP TO THE AMOUNT THE  
25 APPLICANT RECEIVES FROM:

26 (I) THE NET PROCEEDS OF THE SALE OF THE PROPERTY ON  
27 WHICH THE DEMOLITION TOOK PLACE; OR

28 (II) ANY PAYMENT TO THE APPLICANT RELATING TO THE  
29 PROPERTY, INCLUDING ANY PAYMENT FOR THE COSTS OF DEMOLISHING THE  
30 IMPROVEMENTS ON THE PROPERTY.

1           **(E) (1) THE BOARD MAY NOT ALLOCATE ANNUALLY MORE THAN 15%**  
2 **OF THE COMMUNITY LEGACY FINANCIAL ASSISTANCE FUND TO**  
3 **NEIGHBORHOOD INTERVENTION PROJECTS.**

4           **(2) THE BOARD MAY NOT AWARD MORE THAN \$500,000 FOR ANY**  
5 **NEIGHBORHOOD INTERVENTION PROJECT.**

6           **(3) THE RESTRICTIONS IN PARAGRAPHS (1) AND (2) OF THIS**  
7 **SUBSECTION DO NOT APPLY TO PROJECTS APPROVED BY THE SECRETARY**  
8 **UNDER SUBSECTION (F) OF THIS SECTION.**

9           **(F) THE SECRETARY MAY APPROVE A NEIGHBORHOOD INTERVENTION**  
10 **PROJECT WITHOUT THE APPROVAL OF THE BOARD IN THE CASE OF AN**  
11 **EMERGENCY OR WHEN THE PROJECT REQUIRES URGENT APPROVAL IF THE**  
12 **PROJECT IS FUNDED FROM THE RESERVE ESTABLISHED UNDER § 6-213(H) OF**  
13 **THIS SUBTITLE.**

14 6-213.

15           (a) In this section, "Fund" means the Community Legacy Financial  
16 Assistance Fund.

17           (b) There is a Community Legacy Financial Assistance Fund.

18           (c) The Fund shall be used to carry out this subtitle.

19           (d) (1) The Secretary shall administer the Fund in accordance with the  
20 recommendations of the Board.

21                   (2) The State Treasurer shall hold and the Comptroller shall account  
22 for the Fund.

23           (e) The Fund is a continuing, nonlapsing special fund that is not subject to §  
24 7-302 of the State Finance and Procurement Article.

25           (f) The Fund consists of:

26                   (1) money appropriated in the State budget to the Fund;

27                   (2) earnings from the investment of money in the Fund;

28                   (3) repayments and prepayments of financial assistance provided by  
29 the Program; and

30                   (4) any other money accepted for the benefit of the Fund from any  
31 governmental or private source.

1           (g)    Notwithstanding any other law, the State Treasurer may invest money in  
2 the Fund in the same way as money is invested by the State Retirement and Pension  
3 System.

4           **(H)    IN ANY FISCAL YEAR, THE SECRETARY MAY HOLD UP TO 10% OF**  
5 **THE MONEY IN THE FUND IN RESERVE FOR EMERGENCY USE OR URGENT**  
6 **PROJECTS IN ACCORDANCE WITH THIS SUBTITLE.**

7           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 July 1, 2009.