

# HOUSE BILL 877

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

Introduced and read first time: February 11, 2011

Assigned to: Environmental Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 15, 2011

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Sustainable Communities, Designated Neighborhoods, and Priority Funding**  
3 **Areas – Miscellaneous Corrections**

4 FOR the purpose of replacing certain obsolete references to “designated  
5 neighborhoods” with references to “sustainable communities”; ~~altering a certain~~  
6 ~~definition of “State priority funding area” to exclude certain areas~~; excluding  
7 certain areas from consideration as priority funding areas under certain  
8 provisions of law; providing that certain areas that were designated as priority  
9 funding areas on or before a certain date shall retain that designation; altering  
10 certain definitions; clarifying language; and generally relating to sustainable  
11 communities, designated neighborhoods, and priority funding areas.

12 BY repealing and reenacting, without amendments,  
13 Article – Economic Development  
14 Section 6–301(a)  
15 Annotated Code of Maryland  
16 (2008 Volume and 2010 Supplement)

17 BY repealing and reenacting, with amendments,  
18 Article – Economic Development  
19 Section 6–301(e) and (f)  
20 Annotated Code of Maryland  
21 (2008 Volume and 2010 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,  
2 Article – Housing and Community Development  
3 Section 4–217(d), 4–1501(e), 4–1503, and 6–405(d)  
4 Annotated Code of Maryland  
5 (2006 Volume and 2010 Supplement)

6 BY repealing and reenacting, without amendments,  
7 Article – Housing and Community Development  
8 Section 4–1501(a)  
9 Annotated Code of Maryland  
10 (2006 Volume and 2010 Supplement)

11 BY repealing and reenacting, with amendments,  
12 Article – State Finance and Procurement  
13 Section 5–7B–02  
14 Annotated Code of Maryland  
15 (2009 Replacement Volume and 2010 Supplement)

16 BY repealing and reenacting, with amendments,  
17 Article – Tax – Property  
18 Section 9–228(d)  
19 Annotated Code of Maryland  
20 (2007 Replacement Volume and 2010 Supplement)

21 BY repealing and reenacting, with amendments,  
22 Article – Transportation  
23 Section 8–630(c)  
24 Annotated Code of Maryland  
25 (2008 Replacement Volume and 2010 Supplement)

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

28 **Article – Economic Development**

29 6–301.

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

31 (e) “Revitalization area” means:

32 (1) an enterprise zone designated by the Secretary under § 5–704 of  
33 this article;

34 (2) an enterprise zone designated by the United States government  
35 under 42 U.S.C. §§ 11501 through 11505;

1 (3) an empowerment zone or enterprise community designated by the  
2 United States government under 26 U.S.C. §§ 1391 through 1397F; or

3 (4) a [designated neighborhood] **SUSTAINABLE COMMUNITY**, as  
4 defined in § 6–301 of the Housing and Community Development Article.

5 (f) “State priority funding area” means:

6 (1) a municipal corporation;

7 (2) Baltimore City;

8 ~~[(3) a ~~designated neighborhood~~ **SUSTAINABLE COMMUNITY**, as~~  
9 defined in § 6–301 of the Housing and Community Development Article;]

10 ~~[(4)] ~~(3)~~ an enterprise zone designated by the Secretary under §~~  
11 ~~5–704 of this article;~~

12 ~~[(5)] ~~(4)~~ an enterprise zone designated by the United States~~  
13 ~~government under 42 U.S.C. §§ 11501 through 11505;~~

14 ~~[(6)] ~~(5)~~ those areas of the State located between Interstate Highway~~  
15 ~~495 and the District of Columbia;~~

16 ~~[(7)] ~~(6)~~ those areas of the State located between Interstate Highway~~  
17 ~~695 and Baltimore City;~~

18 ~~[(8)] ~~(7)~~ no more than one area in a county designated by the county~~  
19 ~~as a priority funding area under § 5–7B–03(c) of the State Finance and Procurement~~  
20 ~~Article; and~~

21 ~~[(9)] ~~(8)~~ that portion of the Port Land Use Development Zone, as~~  
22 ~~defined in § 6–501 of the Transportation Article, that has been designated as an area~~  
23 ~~appropriate for growth in a county comprehensive master plan.~~

## 24 Article – Housing and Community Development

25 4–217.

26 (d) (1) The Administration shall administer community development  
27 projects that:

28 (i) are in [designated neighborhoods] **SUSTAINABLE**  
29 **COMMUNITIES** approved under § 6–305 of this article; and

1 (ii) provide employees with financial assistance in the form of  
2 grants to buy homes near their workplaces.

3 (2) A community development project administered under this  
4 subsection is not subject to the provisions of subsection (b)(1) of this section that  
5 require part of the housing to be occupied by families of limited income.

6 (3) The community development projects administered under this  
7 subsection shall be known as the “Live Near Your Work” program.

8 (4) The Secretary shall adopt regulations to implement the “Live Near  
9 Your Work” program established under this subsection.

10 (5) (i) In fiscal year 2007 and fiscal year 2008, the Governor may  
11 include in the State budget \$250,000 for the “Live Near Your Work” program  
12 established under this subsection.

13 (ii) In fiscal year 2009 and every fiscal year thereafter, the  
14 Governor may include in the State budget no less than \$250,000 and no more than  
15 \$500,000 for the “Live Near Your Work” program established under this subsection.

16 4-1501.

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

18 (e) “Office or other commercial space conversion” means the conversion to  
19 rental housing of a building that:

20 (1) is in a [designated neighborhood established under §  
21 6-304] **SUSTAINABLE COMMUNITY AS DEFINED IN § 6-301** of this article;

22 (2) was built more than 30 years before an application is submitted to  
23 the Department to finance the conversion;

24 (3) consists of at least two floors at or above ground level; and

25 (4) was last used as office or other commercial space.

26 4-1503.

27 (a) In this section, “lot consolidation” means acquisition of real property  
28 adjacent to, and to be included in, a project.

29 (b) The purposes of the Program are to:

30 (1) increase the supply of decent, safe, and sanitary rental housing for  
31 occupancy by families of lower income;

1           (2) provide financial assistance for acquisition, construction, or  
2 rehabilitation of rental housing, including demolition and lot consolidation so that  
3 families of lower income can afford the rental housing;

4           (3) encourage political subdivisions to provide assistance in producing  
5 rental housing that families of lower income can afford; and

6           (4) revitalize [designated neighborhoods] **SUSTAINABLE**  
7 **COMMUNITIES, AS DEFINED IN § 6-301 OF THIS ARTICLE**, through office or other  
8 commercial space conversion.

9 6-405.

10          (d) In approving or disapproving a proposal and in determining the  
11 maximum amount of contributions eligible for tax credits under § 6-404 of this  
12 subtitle, the Department:

13           (1) shall consider:

14                   (i) the need for the project in relation to the need for other  
15 proposed projects;

16                   (ii) the anticipated benefit to the priority funding area;

17                   (iii) the capacity of the applicant to raise money for the project;

18                   (iv) the readiness of the applicant to proceed with the project;

19                   (v) the ability of the applicant to complete the project as  
20 proposed;

21                   (vi) the geographic distribution of projects; and

22                   (vii) any other relevant factors;

23           (2) may give preference to a proposal that benefits a [designated  
24 neighborhood] **SUSTAINABLE COMMUNITY** under § 6-305 of this title;

25           (3) may request data and assistance from other units of the State; and

26           (4) shall apportion among all approved projects the limit imposed by  
27 subsection (c)(3) of this section.

28                   **Article – State Finance and Procurement**

29 5-7B-02.

1 The following areas shall be considered priority funding areas under this  
2 subtitle:

3 (1) a municipal corporation, including Baltimore City, except that:

4 (i) those areas annexed by a municipal corporation after  
5 January 1, 1997 but before October 1, 2006 shall satisfy requirements relating to  
6 density and service by water and sewer set forth in § 5-7B-03 of this subtitle; and

7 (ii) those areas annexed by a municipal corporation after  
8 September 30, 2006, shall satisfy all of the requirements set forth in § 5-7B-03 of this  
9 subtitle;

10 [(2) a designated neighborhood, as defined in § 6-301 of the Housing  
11 and Community Development Article;]

12 [(3)] (2) an enterprise zone as designated under Title 5, Subtitle 7 of  
13 the Economic Development Article, or by the United States government;

14 [(4)] (3) a certified heritage area as defined in §§ 13-1101 and  
15 13-1111 of the Financial Institutions Article that is located within a locally designated  
16 growth area;

17 [(5)] (4) those areas of the State located between Interstate Highway  
18 495 and the District of Columbia;

19 [(6)] (5) those areas of the State located between Interstate Highway  
20 695 and Baltimore City; and

21 [(7)] (6) an area designated by the governing body of a county or  
22 municipal corporation under § 5-7B-03 of this subtitle.

23 **Article – Tax – Property**

24 9-228.

25 (d) The Mayor and City Council of Baltimore City or the governing body of a  
26 county or municipal corporation may designate an area within the county or municipal  
27 corporation as an area eligible for the tax credit under this section if the area is  
28 eligible for designation as a [designated neighborhood] **SUSTAINABLE COMMUNITY**  
29 under the Neighborhood Business Development Program created under Title 6,  
30 Subtitle 3 of the Housing and Community Development Article.

31 **Article – Transportation**

32 8-630.

1 (c) (1) If sidewalks or bicycle pathways are constructed or reconstructed  
2 as part of a roadway construction or reconstruction project, the Administration shall  
3 fund the sidewalk or bicycle pathway construction or reconstruction as a part of the  
4 cost of the roadway project.

5 (2) Except as provided in paragraphs (3) and (4) of this subsection, if  
6 sidewalks or bicycle pathways are constructed or reconstructed in response to a  
7 request from a local government and the adjacent roadway is not being concurrently  
8 constructed or reconstructed, the cost to construct or reconstruct the sidewalk or  
9 bicycle pathway shall be shared equally between the State and local governments.

10 (3) If sidewalks or bicycle pathways within a [designated  
11 neighborhood] **SUSTAINABLE COMMUNITY** as defined in § 6–301 of the Housing and  
12 Community Development Article are constructed or reconstructed in response to a  
13 request from a local government and the adjacent roadway is not being concurrently  
14 constructed or reconstructed, the cost to construct or reconstruct the sidewalk or  
15 bicycle pathway may be funded entirely by the State.

16 (4) (i) This paragraph does not apply to a priority funding area  
17 that is a [designated neighborhood] **SUSTAINABLE COMMUNITY** as defined in §  
18 6–301 of the Housing and Community Development Article.

19 (ii) If sidewalks or bicycle pathways within an area designated  
20 as a priority funding area under § 5–7B–02 of the State Finance and Procurement  
21 Article are constructed or reconstructed in response to a request from a local  
22 government and the adjacent roadway is not being concurrently constructed or  
23 reconstructed, and if the Administration determines that construction would not occur  
24 under this section due to insufficient contribution of funds by the local government,  
25 the cost to construct or reconstruct the sidewalk or bicycle pathway shall be shared  
26 between the State and local government as follows:

27 1. 75 percent of the cost shall be funded by the State;  
28 and

29 2. 25 percent of the cost shall be funded by the local  
30 government.

31 (iii) If sidewalks or bicycle pathways within an area designated  
32 as a priority funding area under § 5–7B–02 of the State Finance and Procurement  
33 Article are constructed or reconstructed based on a determination by the  
34 Administration that a substantial public safety risk or significant impediment to  
35 pedestrian access exists and the adjacent roadway is not being concurrently  
36 constructed or reconstructed, then:

1                   1.     The Administration shall categorize the sidewalk or  
2 bicycle pathway construction project as “system preservation” and give corresponding  
3 funding priority to the project; and

4                   2.     The cost to construct or reconstruct the sidewalk or  
5 bicycle pathway may be funded entirely by the State.

6                   (5)    If sidewalks or bicycle pathways are being constructed or  
7 reconstructed in response to a request from a local government and the adjacent  
8 roadway is not being concurrently constructed or reconstructed, the local government  
9 shall:

10                   (i)    Provide public notice and opportunities for community  
11 involvement prior to the construction of a sidewalk or bicycle pathway project; and

12                   (ii)   Secure any necessary right-of-way that may be needed  
13 beyond the right-of-way already owned by the State.

14                   (6)   (i)    Except as provided in subparagraph (ii) of this paragraph,  
15 after sidewalks and bicycle pathways are constructed under this section, they shall be  
16 maintained and repaired by the political subdivision in which they are located.

17                   (ii)   Subject to approval and the availability of funds, the  
18 Administration promptly shall reimburse a political subdivision for the preapproved  
19 and documented costs incurred in reconstructing a segment of a sidewalk or bicycle  
20 pathway that has deteriorated to the extent that repair is not practical or desirable for  
21 public safety.

22                   SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding any  
23 other provision of law, a “designated neighborhood” that was designated as a Priority  
24 Funding Area under ~~§ 5-7B-02(3)~~ § 5-7B-02(2) of the State Finance and Procurement  
25 Article on or before January 1, 2010, shall retain its designation as a Priority Funding  
26 Area.

27                   SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 June 1, 2011.