

SENATE BILL 558

C8

6lr2228
CF HB 684

By: **Senators Ferguson, Currie, Guzzone, Klausmeier, Madaleno, McFadden, and Pugh**

Introduced and read first time: February 4, 2016

Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Baltimore Regional Neighborhood Initiative Program – Codified**

3 FOR the purpose of establishing the Baltimore Regional Neighborhood Initiative Program;
4 providing for the administration and purpose of the Program; establishing the type
5 of community enhancement projects eligible to receive Program funds; authorizing
6 certain community development organizations to apply to receive Program funds;
7 requiring a community development organization’s application to contain certain
8 information; requiring the Department of Housing and Community Development to
9 establish a certain quantitative system to evaluate each application; providing for
10 the review of each application; requiring certain approval from certain political
11 subdivisions before an application may be approved; requiring the Department and
12 the recipient of Program funds to enter into a certain agreement; authorizing the
13 Department to exercise certain powers necessary to implement the Program and
14 determine certain terms and conditions of the financial assistance; requiring the
15 recipient of financial assistance from the Program to submit a certain quarterly
16 progress report; establishing the Baltimore Regional Neighborhood Initiative
17 Program Fund as a special, nonlapsing fund; specifying the purpose of the Fund;
18 requiring the Secretary of Housing and Community Development to administer the
19 Fund; requiring the State Treasurer to hold the Fund and the Comptroller to account
20 for the Fund; specifying the contents of the Fund; specifying the purpose for which
21 the Fund may be used; providing for the investment of money in and expenditures
22 from the Fund; requiring the Governor to include a certain appropriation in the
23 annual budget bill to the Fund; defining certain terms; and generally relating to
24 establishing the Baltimore Regional Neighborhood Initiative Program.

25 BY adding to

26 Article – Housing and Community Development

27 Section 6–501 through 6–510 to be under the new subtitle “Subtitle 5. Baltimore
28 Regional Neighborhood Initiative Program”

29 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2006 Volume and 2015 Supplement)

2 BY repealing and reenacting, without amendments,
3 Article – State Finance and Procurement
4 Section 6–226(a)(2)(i)
5 Annotated Code of Maryland
6 (2015 Replacement Volume)

7 BY repealing and reenacting, with amendments,
8 Article – State Finance and Procurement
9 Section 6–226(a)(2)(ii)84. and 85.
10 Annotated Code of Maryland
11 (2015 Replacement Volume)

12 BY adding to
13 Article – State Finance and Procurement
14 Section 6–226(a)(2)(ii)86.
15 Annotated Code of Maryland
16 (2015 Replacement Volume)

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

19 **Article – Housing and Community Development**

20 **SUBTITLE 5. BALTIMORE REGIONAL NEIGHBORHOOD INITIATIVE PROGRAM.**

21 **6–501.**

22 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
23 INDICATED.

24 (B) “COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION” HAS THE
25 MEANING STATED IN 12 U.S.C. § 4702.

26 (C) “COMMUNITY DEVELOPMENT ORGANIZATION” MEANS AN ENTITY THAT
27 MEETS THE REQUIREMENTS SET FORTH UNDER § 6–504(A) OF THIS SUBTITLE.

28 (D) (1) “FINANCIAL ASSISTANCE” MEANS A GRANT, A LOAN, OR AN
29 INVESTMENT PROVIDED UNDER THIS SUBTITLE.

30 (2) “FINANCIAL ASSISTANCE” INCLUDES:

31 (I) AN ASSURANCE;

1 (II) A GUARANTEE;

2 (III) A PREPAYMENT OF INTEREST ON A SUBORDINATE OR
3 SUPERIOR LOAN OR PORTION OF A LOAN;

4 (IV) A REDUCTION IN THE PRINCIPAL OBLIGATION OF OR RATE
5 OF INTEREST PAYABLE ON A LOAN OR A PORTION OF A LOAN; AND

6 (V) ANY OTHER FORM OF CREDIT ENHANCEMENT.

7 (E) "PROGRAM" MEANS THE BALTIMORE REGIONAL NEIGHBORHOOD
8 INITIATIVE PROGRAM.

9 (F) "SUSTAINABLE COMMUNITY" MEANS AN AREA DESIGNATED AS A
10 SUSTAINABLE COMMUNITY UNDER § 6-205 OF THIS TITLE.

11 **6-502.**

12 (A) THERE IS A BALTIMORE REGIONAL NEIGHBORHOOD INITIATIVE
13 PROGRAM.

14 (B) THE DEPARTMENT SHALL ADMINISTER THE PROGRAM.

15 (C) THE PURPOSE OF THE PROGRAM IS TO:

16 (1) PROVIDE STRATEGIC INVESTMENT IN LOCAL HOUSING AND
17 BUSINESSES TO ENCOURAGE HEALTHY, SUSTAINABLE COMMUNITIES WITH A
18 GROWING TAX BASE AND ENHANCED QUALITY OF LIFE; AND

19 (2) FOCUS ON AREAS WHERE MODEST INVESTMENT AND
20 COORDINATED STRATEGIES WILL HAVE AN APPRECIABLE NEIGHBORHOOD
21 REVITALIZATION IMPACT.

22 **6-503.**

23 (A) THE COMMUNITY ENHANCEMENT PROJECTS ELIGIBLE TO RECEIVE
24 PROGRAM FUNDS INCLUDE:

25 (1) DOWN PAYMENT ASSISTANCE FOR HOMEBUYERS TO PURCHASE
26 AND REHABILITATE HOMES;

27 (2) PROGRAMS TO ACQUIRE AND REHABILITATE VACANT HOMES FOR
28 RESALE TO NEW HOMEBUYERS;

1 **(3) PROGRAMS TO IMPROVE EXISTING RESIDENTIAL AND BUSINESS**
2 **PROPERTIES;**

3 **(4) PROGRAMS TO ACHIEVE ENERGY EFFICIENCY THROUGH**
4 **WEATHERIZATION AND ENERGY RETROFITS;**

5 **(5) DEVELOPMENT OF MIXED-USE PROJECTS THAT COMBINE**
6 **HOUSING, RETAIL, AND OFFICE SPACE;**

7 **(6) DEVELOPMENT OR ENHANCEMENT OF COMMUNITY OPEN SPACE**
8 **OR PUBLIC INFRASTRUCTURE; AND**

9 **(7) STRATEGIC DEMOLITION.**

10 **(B) PROGRAM FUNDS MAY BE USED FOR OPERATING COSTS NECESSARY TO**
11 **IMPLEMENT A COMMUNITY ENHANCEMENT PROJECT.**

12 **(C) THE SECRETARY MAY ESTABLISH ADDITIONAL COMMUNITY**
13 **ENHANCEMENT PROJECTS ELIGIBLE TO RECEIVE PROGRAM FUNDS.**

14 **6-504.**

15 **(A) A CORPORATION, A FOUNDATION, OR ANY OTHER LEGAL ENTITY IS A**
16 **COMMUNITY DEVELOPMENT ORGANIZATION ELIGIBLE TO APPLY FOR PROGRAM**
17 **FUNDS IF:**

18 **(1) THE PURPOSE OF THE ORGANIZATION IS TO IMPLEMENT A CLEAR**
19 **REVITALIZATION STRATEGY IN A NEIGHBORHOOD OR SET OF NEIGHBORHOODS**
20 **WITHIN BALTIMORE CITY OR THE INNER-BELTWAY COMMUNITIES OF BALTIMORE**
21 **COUNTY OR ANNE ARUNDEL COUNTY; AND**

22 **(2) NO PART OF THE ORGANIZATION'S NET EARNINGS INURES TO THE**
23 **BENEFIT OF A PRIVATE SHAREHOLDER OR AN INDIVIDUAL HOLDING AN INTEREST**
24 **IN THE ENTITY.**

25 **(B) THE COMMUNITY DEVELOPMENT ORGANIZATION'S APPLICATION MUST**
26 **CONTAIN A NEIGHBORHOOD REVITALIZATION PLAN THAT INCLUDES COMMUNITY**
27 **ENHANCEMENT PROJECTS LOCATED WITHIN A SUSTAINABLE COMMUNITY.**

28 **(C) A COMMUNITY DEVELOPMENT ORGANIZATION MAY APPLY WITH A**
29 **COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION THAT HAS THE CAPACITY AND**

1 EXPERIENCE TO ASSIST IN THE FINANCING OF REAL ESTATE PROJECTS WITHIN THE
2 COMMUNITY.

3 **6-505.**

4 (A) (1) A COMMUNITY DEVELOPMENT ORGANIZATION MAY APPLY TO THE
5 DEPARTMENT TO RECEIVE PROGRAM FUNDS FOR COMMUNITY ENHANCEMENT
6 PROJECTS.

7 (2) THE DEPARTMENT SHALL ESTABLISH THE APPLICATION
8 PROCESS.

9 (3) THE APPLICATION SHALL CONTAIN:

10 (I) THE NEIGHBORHOOD REVITALIZATION PLAN;

11 (II) A DESCRIPTION OF EACH COMMUNITY ENHANCEMENT
12 PROJECT;

13 (III) A LOCAL GOVERNMENT RESOLUTION OF SUPPORT OR
14 LETTER OF SUPPORT;

15 (IV) ORGANIZATIONAL DOCUMENTS FOR THE COMMUNITY
16 DEVELOPMENT ORGANIZATION; AND

17 (V) ANY OTHER INFORMATION THE DEPARTMENT REQUIRES.

18 (B) (1) THE DEPARTMENT, BY REGULATION, SHALL ESTABLISH A
19 QUANTITATIVE SYSTEM TO EVALUATE EACH APPLICATION.

20 (2) THE QUANTITATIVE EVALUATION SYSTEM SHALL EVALUATE EACH
21 APPLICATION BASED ON:

22 (I) THE NEIGHBORHOOD REVITALIZATION PLAN AND HOW THE
23 PLAN RELATES TO THE GOALS OUTLINED IN THE COMMUNITY'S LARGER
24 SUSTAINABLE COMMUNITIES PLAN;

25 (II) THE DESCRIPTION OF THE COMMUNITY CONDITIONS AND
26 THE APPROPRIATENESS OF OUTLINED STRATEGIES TO ADDRESS THOSE
27 CONDITIONS;

1 (III) THE ABILITY OF EACH PROPOSED COMMUNITY
2 ENHANCEMENT PROJECT TO ADDRESS IDENTIFIED CHALLENGES WITHIN THE
3 COMMUNITY; AND

4 (IV) THE CAPACITY AND EXPERIENCE OF THE APPLICANT AND
5 THE APPLICANT'S PARTNERS TO COMPLETE THE PROPOSALS AND LEVERAGE
6 ADDITIONAL FINANCING.

7 (C) THE DEPARTMENT MAY GIVE ADDITIONAL CONSIDERATION TO
8 APPLICATIONS THAT INCLUDE:

9 (1) OPPORTUNITIES THAT PROMOTE COMPACT REDEVELOPMENT
10 AND CONNECT HOUSING AND JOB OPPORTUNITIES WITH TRANSPORTATION
11 OPTIONS;

12 (2) ACTIVITIES IN SPECIALLY DESIGNATED DISTRICTS THAT
13 ENCOURAGE RESIDENTIAL REINVESTMENT THAT REINFORCES THE SUCCESS OF THE
14 BUSINESSES IN THE DISTRICTS;

15 (3) COMMUNITY ENHANCEMENT PROJECTS THAT ENCOURAGE OR
16 INCORPORATE ELEMENTS THAT ADDRESS ENVIRONMENTAL RESPONSIBILITY AND
17 STEWARDSHIP INTO THE SITE AND PROJECT DEVELOPMENT, DESIGN, AND
18 CONSTRUCTION;

19 (4) COMMUNITY ENHANCEMENT PROJECTS THAT INCORPORATE
20 ADDITIONAL STATE AND LOCAL REVITALIZATION AND SMART GROWTH PROGRAMS
21 AND FINANCING TOOLS; AND

22 (5) CAPITAL INVESTMENTS AND BUSINESS PRACTICES THAT
23 INCORPORATE INCLUSIONARY HIRING PRACTICES THAT INCREASE LOCAL
24 WORKFORCE OPPORTUNITIES.

25 **6-506.**

26 (A) THE DEPARTMENT SHALL:

27 (1) REVIEW EACH APPLICATION SUBMITTED UNDER § 6-505 OF THIS
28 SUBTITLE AND MAY REQUEST ADDITIONAL INFORMATION FROM THE APPLICANT;

29 (2) ACCEPT PUBLIC INPUT ON EACH APPLICATION; AND

30 (3) CONSIDER THE RECOMMENDATION OF ANY STATE UNIT.

1 **(B) (1) THE DEPARTMENT MAY NOT APPROVE AN APPLICATION UNLESS**
2 **THE POLITICAL SUBDIVISION WHERE THE PROPOSED COMMUNITY ENHANCEMENT**
3 **PROJECT IS LOCATED APPROVES THE APPLICATION BY:**

4 **(I) RESOLUTION; OR**

5 **(II) LETTER DELIVERED TO THE DEPARTMENT BY THE**
6 **POLITICAL SUBDIVISION.**

7 **(2) IF THE APPLICATION AFFECTS A NEIGHBORHOOD ENTIRELY**
8 **WITHIN A MUNICIPAL CORPORATION, THE MUNICIPAL CORPORATION AND NOT THE**
9 **SURROUNDING COUNTY MUST APPROVE THE APPLICATION UNDER PARAGRAPH (1)**
10 **OF THIS SUBSECTION.**

11 **(3) IF AN APPLICATION AFFECTS A NEIGHBORHOOD WITHIN MORE**
12 **THAN ONE POLITICAL SUBDIVISION, EACH POLITICAL SUBDIVISION MUST APPROVE**
13 **THE APPLICATION BY:**

14 **(I) RESOLUTION; OR**

15 **(II) LETTER DELIVERED TO THE DEPARTMENT BY THE**
16 **POLITICAL SUBDIVISION.**

17 **(C) THE SECRETARY SHALL AWARD FINANCIAL ASSISTANCE TO AN**
18 **APPLICANT:**

19 **(1) IN THE AMOUNT AND OF THE TYPE THAT THE SECRETARY**
20 **DETERMINES; AND**

21 **(2) UNDER THE TERMS OF A PROGRAM AGREEMENT.**

22 **6-507.**

23 **(A) THE DEPARTMENT AND A RECIPIENT OF FINANCIAL ASSISTANCE FROM**
24 **THE PROGRAM SHALL EXECUTE A PROGRAM AGREEMENT.**

25 **(B) THE RECIPIENT OF FINANCIAL ASSISTANCE FROM THE PROGRAM**
26 **SHALL COMPLY WITH THE TERMS OF THE PROGRAM AGREEMENT.**

27 **(C) THE PROGRAM AGREEMENT MAY NOT ALLOW FOR MORE THAN 15% OF**
28 **THE TOTAL FINANCIAL ASSISTANCE THAT THE PROGRAM PROVIDES TO BE USED FOR**
29 **OPERATING EXPENDITURES.**

1 **(D) THE DEPARTMENT MAY EXERCISE ANY REMEDY PROVIDED UNDER THE**
2 **PROGRAM AGREEMENT OR BY LAW IF THE RECIPIENT OF FINANCIAL ASSISTANCE**
3 **FROM THE PROGRAM:**

4 **(1) VIOLATES ANY PROVISION OF THE AGREEMENT; OR**

5 **(2) CEASES TO MEET ANY REQUIREMENT OF THIS SUBTITLE.**

6 **6-508.**

7 **(A) THE DEPARTMENT HAS THE POWERS NECESSARY TO IMPLEMENT THE**
8 **PROGRAM.**

9 **(B) (1) THE DEPARTMENT MAY DETERMINE THE TERMS AND**
10 **CONDITIONS OR ESTABLISH TIME LIMITS FOR THE USE OF FINANCIAL ASSISTANCE**
11 **AWARDED UNDER THIS SUBTITLE.**

12 **(2) THE FINANCIAL ASSISTANCE AWARDED UNDER THIS SUBTITLE**
13 **MAY BE SECURED BY A MORTGAGE, A LIEN, OR ANY OTHER SECURITY INTEREST**
14 **THAT IS SUPERIOR TO OR SUBORDINATE TO OTHER MORTGAGES, LIENS, OR OTHER**
15 **SECURITY INTERESTS.**

16 **(C) (1) THE DEPARTMENT MAY ENFORCE THE TERMS AND CONDITIONS**
17 **OF THE FINANCIAL ASSISTANCE AWARDED UNDER THIS SUBTITLE.**

18 **(2) IF ANY FINANCIAL ASSISTANCE AWARDED UNDER THIS SUBTITLE**
19 **IS SECURED BY A FIRST OR SUBORDINATE MORTGAGE OR OTHER LIEN, THE**
20 **DEPARTMENT MAY:**

21 **(I) BEGIN AN ACTION TO PROTECT OR ENFORCE ANY RIGHT**
22 **GIVEN BY LAW, CONTRACT, OR OTHER AGREEMENT;**

23 **(II) FORECLOSE ON PROPERTY;**

24 **(III) PURCHASE PROPERTY AT ANY FORECLOSURE OR OTHER**
25 **SALE, OR ACQUIRE OR TAKE POSSESSION OF THE PROPERTY THROUGH**
26 **CONVEYANCE IN LIEU OF FORECLOSURE OR OTHERWISE, AND CONVEY PROPERTY**
27 **AFTER ACQUIRING IT;**

28 **(IV) SETTLE OR COMPROMISE ANY DEBT OR OBLIGATION OWED**
29 **TO THE DEPARTMENT;**

1 (V) PAY THE PRINCIPAL OF AND INTEREST ON ANY OBLIGATION
2 INCURRED IN CONNECTION WITH THE PROPERTY AND DISPOSE OF OR OTHERWISE
3 DEAL WITH THE PROPERTY TO PROTECT THE INTERESTS OF THE PROGRAM; OR

4 (VI) RELEASE OR SELL ANY MORTGAGE, OBLIGATION, OR
5 PROPERTY THAT THE DEPARTMENT HOLDS AT PUBLIC OR PRIVATE SALE, WITH OR
6 WITHOUT PUBLIC BIDDING.

7 (D) (1) THE DEPARTMENT MAY CONTRACT WITH ANY PERSON OR
8 GOVERNMENTAL UNIT FOR PROPERTY OR SERVICES NECESSARY TO OPERATE THE
9 PROGRAM.

10 (2) THE DEPARTMENT MAY CONTRACT FOR AND ACCEPT ANY GRANT,
11 CONTRIBUTION, OR LOAN OF MONEY, PROPERTY, OR OTHER AID FROM THE
12 FEDERAL GOVERNMENT AND MAY DO ALL THINGS CONSISTENT WITH THIS SUBTITLE
13 TO QUALIFY FOR THE AID.

14 (E) IN CONNECTION WITH ANY LOANS THAT THE DEPARTMENT MAKES, THE
15 DEPARTMENT MAY:

16 (1) REQUIRE AND OBTAIN APPRAISALS, CREDIT INFORMATION, AND
17 OTHER PERTINENT INFORMATION; AND

18 (2) CHARGE INTEREST.

19 (F) THE DEPARTMENT MAY CONSENT TO THE MODIFICATION OF ANY
20 PROVISION OF A PROGRAM AGREEMENT IF THE MODIFICATION IS IN THE BEST
21 INTEREST OF THE PROGRAM.

22 **6-509.**

23 (A) THE RECIPIENT OF FINANCIAL ASSISTANCE FROM THE PROGRAM
24 SHALL SUBMIT TO THE DEPARTMENT QUARTERLY PROGRESS REPORTS ON THE
25 DEVELOPMENT OF A COMMUNITY ENHANCEMENT PROJECT.

26 (B) (1) ON OR BEFORE OCTOBER 31 EACH YEAR, THE DEPARTMENT
27 SHALL SUBMIT A REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE
28 STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY.

29 (2) THE REPORT SHALL INCLUDE, FOR THE PREVIOUS FISCAL YEAR:

30 (1) THE NUMBER OF APPLICATIONS RECEIVED;

1 (II) THE NUMBER AND LOCATION OF COMMUNITY
2 ENHANCEMENT PROJECTS;

3 (III) THE FINANCIAL STATUS OF THE PROGRAM, INCLUDING THE
4 AMOUNT AND TYPES OF FINANCIAL ASSISTANCE ENCUMBERED AND DISBURSED;
5 AND

6 (IV) A SUMMARY OF THE QUARTERLY REPORTS SUBMITTED
7 UNDER SUBSECTION (A) OF THIS SECTION.

8 **6-510.**

9 (A) IN THIS SECTION, "FUND" MEANS THE BALTIMORE REGIONAL
10 NEIGHBORHOOD INITIATIVE PROGRAM FUND.

11 (B) THERE IS A BALTIMORE REGIONAL NEIGHBORHOOD INITIATIVE
12 PROGRAM FUND.

13 (C) THE PURPOSE OF THE FUND IS TO PROVIDE FINANCIAL ASSISTANCE
14 UNDER THE PROGRAM.

15 (D) THE SECRETARY SHALL ADMINISTER THE FUND.

16 (E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT
17 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

18 (2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,
19 AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

20 (F) THE FUND CONSISTS OF:

21 (1) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;

22 (2) EARNINGS FROM THE INVESTMENT OF MONEY IN THE FUND;

23 (3) REPAYMENTS OF FINANCIAL ASSISTANCE PROVIDED BY THE
24 PROGRAM;

25 (4) INTEREST EARNINGS OF THE FUND; AND

26 (5) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR
27 THE BENEFIT OF THE FUND.

1 **(G) THE FUND MAY BE USED ONLY FOR PROVIDING FINANCIAL ASSISTANCE**
2 **UNDER THE PROGRAM.**

3 **(H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND**
4 **IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

5 **(2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO**
6 **THE FUND.**

7 **(I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE**
8 **WITH THE STATE BUDGET.**

9 **(J) FOR EACH FISCAL YEAR, THE GOVERNOR SHALL INCLUDE IN THE**
10 **BUDGET BILL AN APPROPRIATION TO THE FUND IN THE AMOUNT OF \$12,000,000.**

11 **Article – State Finance and Procurement**

12 6–226.

13 (a) (2) (i) Notwithstanding any other provision of law, and unless
14 inconsistent with a federal law, grant agreement, or other federal requirement or with the
15 terms of a gift or settlement agreement, net interest on all State money allocated by the
16 State Treasurer under this section to special funds or accounts, and otherwise entitled to
17 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General
18 Fund of the State.

19 (ii) The provisions of subparagraph (i) of this paragraph do not apply
20 to the following funds:

21 84. the Economic Development Marketing Fund; [and]

22 85. the Military Personnel and Veteran–Owned Small
23 Business No–Interest Loan Fund; **AND**

24 **86. THE BALTIMORE REGIONAL NEIGHBORHOOD**
25 **INITIATIVE PROGRAM FUND.**

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
27 1, 2016.