

SENATE BILL 238

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(PRE-FILED)

5lr0153
CF HB 127

By: **Chair, Education, Energy, and the Environment Committee (By Request – Departmental – Housing and Community Development)**

Requested: October 6, 2024

Introduced and read first time: January 8, 2025

Assigned to: Education, Energy, and the Environment

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Housing and Community Development – Maryland Housing**
3 **Rehabilitation Program – Local Rehabilitation Program Administration**

4 FOR the purpose of expanding the entities eligible to administer local rehabilitation
5 programs to include certain nonprofit sponsors; and generally relating to the
6 administration of the Maryland Housing Rehabilitation Program.

7 BY repealing and reenacting, without amendments,
8 Article – Housing and Community Development
9 Section 4–901(a), (h), and (i)
10 Annotated Code of Maryland
11 (2019 Replacement Volume and 2024 Supplement)

12 BY repealing and reenacting, with amendments,
13 Article – Housing and Community Development
14 Section 4–901(e), 4–911, and 4–914
15 Annotated Code of Maryland
16 (2019 Replacement Volume and 2024 Supplement)

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 4–901.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (e) "Local rehabilitation program" means a rehabilitation program that uses
2 Program loans and is administered by a political subdivision **OR A NONPROFIT SPONSOR**.

3 (h) "Nonprofit sponsor" means:

4 (1) a nonprofit organization;

5 (2) a political subdivision; or

6 (3) a limited partnership formed to undertake a rehabilitation project that
7 is eligible wholly or partly for federal programs or incentives, if:

8 (i) each general partner is a nonprofit organization or a political
9 subdivision; or

10 (ii) 1. each general partner is a wholly owned subsidiary of a
11 nonprofit organization or political subdivision; and

12 2. a nonprofit organization or political subdivision manages
13 the rehabilitation project or will receive net cash flow or the residual sale proceeds on the
14 sale of the rehabilitation project.

15 (i) "Program" means the Maryland Housing Rehabilitation Program.

16 4-911.

17 (a) To ensure that all areas of the State are served, the Department shall allocate
18 at least annually among the counties the money appropriated for making Program loans
19 under the Regular Rehabilitation Program.

20 (b) When allocating money to a county, the Department shall consider:

21 (1) the number of families of limited income in the county;

22 (2) the need to rehabilitate buildings in the county;

23 (3) the capability of the county to administer a local rehabilitation
24 program; and

25 (4) other standards that the Department considers relevant to ensure fair
26 and equitable distribution of money among counties.

27 (c) The Department may:

28 (1) allocate on a countywide basis first and then make suballocations
29 among participating municipal corporations **AND NONPROFIT SPONSORS** within counties;

1 (2) allocate up to 25% of the total money available in the Special Loan
2 Programs Fund to a reserve; and

3 (3) from time to time, reallocate the money held in the reserve.

4 4-914.

5 (a) If the Department certifies a political subdivision **OR NONPROFIT SPONSOR**
6 as capable of administering a local rehabilitation program, the political subdivision **OR**
7 **NONPROFIT SPONSOR** may originate and administer Program loans under regulations of
8 the Department.

9 (b) (1) By regulation, the Department shall establish standards for
10 determining the capability of a political subdivision **OR NONPROFIT SPONSOR** to
11 administer a local rehabilitation program.

12 (2) The standards shall include provisions on:

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

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

16 1. determine rehabilitation needs;

17 2. establish rehabilitation programs;

18 3. evaluate applications for Program loans; and

19 4. monitor Program loans and the rehabilitation work done
20 with them.

21 (c) If the Department determines that a political subdivision **OR NONPROFIT**
22 **SPONSOR** cannot or does not want to administer a local rehabilitation program, the
23 Department may originate and administer Program loans from the allocation or
24 suballocation to that political subdivision.

25 (d) The Department may:

26 (1) help train employees of political subdivisions **AND NONPROFIT**
27 **SPONSORS** to administer local rehabilitation programs under the standards that the
28 Department sets; and

29 (2) provide political subdivisions **AND NONPROFIT SPONSORS** advice and
30 technical assistance on the administration of their local rehabilitation programs, including

1 loan packaging, contractor and bid selection, zoning, marketing, engineering, and related
2 services.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
4 1, 2025.