

Chapter 233

(Senate Bill 238)

AN ACT concerning

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

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

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

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

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

Article – Housing and Community Development

4–901.

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

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

(h) “Nonprofit sponsor” means:

(1) a nonprofit organization;

(2) a political subdivision; or

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

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

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

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

(i) “Program” means the Maryland Housing Rehabilitation Program.

4–911.

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

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

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

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

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

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

(c) The Department may:

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

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

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

4–914.

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

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

(2) The standards shall include provisions on:

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

(ii) the capability of the professional staff to:

1. determine rehabilitation needs;
2. establish rehabilitation programs;
3. evaluate applications for Program loans; and
4. monitor Program loans and the rehabilitation work done

with them.

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

(d) The Department may:

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

(2) provide political subdivisions **AND NONPROFIT SPONSORS** advice and technical assistance on the administration of their local rehabilitation programs, including loan packaging, contractor and bid selection, zoning, marketing, engineering, and related services.

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

Approved by the Governor, April 22, 2025.