

2014 Neighborhood Revitalization Budget Legislative Review

Governor O'Malley's Fiscal Year 2015 budget items, approved by the Maryland General Assembly include:

Capital Funds:

\$4.25 million for Neighborhood BusinessWorks

\$6.0 million for Community Legacy

\$7.5 million for the Strategic Demolition and Smart Growth Impact Fund

\$1.68 million for the Baltimore Region Neighborhoods Initiative (BRNI)

Operating Funds:

\$750,000 in operating funds for BRNI

\$2.02 million for the Emergency Solutions Grant Program

\$200,000 to undertake a study required by HB 794, Maryland Unaccompanied Homeless Youth and Young Adult Count Demonstration Project

Legislation Approved in the 2014 Maryland General Assembly Session:

Departmental (Administration) Bills:

House Bill 451 - Financial Assistance for Food Desert Areas. There is recognition of the need to attract new and better grocery stores to underserved, low-income communities. Termed "food deserts", these areas are generally defined as communities that do not have easy access to healthy foods including fresh fruits and vegetables, typically in the form of a supermarket or grocery store. The legislation builds on the recommendations of the Maryland Fresh Food Retail Task Force's report in December 2012 titled, "Stimulating Supermarket Development in Maryland". A key recommendation was that Maryland should develop or expand an existing financing program to support the development or expansion of grocery stores or other stores that carry healthy foods in underserved communities (food deserts). This legislation allows DHCD to expand its Neighborhood Business Works program to provide financial assistance to small businesses located in designated Food Desert Areas for the purposes of providing fresh vegetables, fruits and other healthy foods to local residents. The Secretary, upon the recommendation of an inter-agency food desert advisory committee, would designate Food Desert Areas which must be located within a Priority Funding Area.

House Bill 453 - Multifamily Rental Housing Programs Efficiency Act. This legislation consolidates and streamlines language for four programs, the Elderly Rental Housing Program, the Multifamily Rehabilitation Program, the Nonprofit Rehabilitation Program, and the Rental Housing Production Program, by replacing them with one uniform multi-family "Rental Housing

Program”. The new program will include all of the activities currently authorized in the four prior programs but the statutory requirements are now consistent. The bill also alters specified standards for multifamily loans and specified notice and permission standards for DHCD’s consultation with local jurisdictions on community development projects to make them consistent with the federal law income housing tax credit process. The measure requires the Department to provide written notice and a reasonable opportunity to comment to the chief executive officer or equivalent officer and the head or president of the legislative body of the political subdivision in which a proposed community development project or a public purpose project is located.

House Bill 553 – Energy-Efficient Homes Construction Loan Program. The bill establishes the Energy-Efficient Homes Construction Loan Program as a special fund within the Department of Housing and Community Development to provide low-interest loans to home builders for the construction of “low-energy” and “net-zero” homes. A “low-energy home” means a home that due to design, technology and construction products is designed to be at least 60 percent more energy efficient than a home built to applicable building code standards in effect before July 1, 2014. A “net-zero home” means a residence that due to design, technology and construction products is designed to produce as much energy as it uses in a year. The legislation grants DHCD the flexibility to offer preferred rates for loans used to finance net-zero homes or establish different rates based upon the projected success of energy efficiency achieved by the home to be constructed.

Other Legislation of Interest

Mortgage Assistance and Foreclosure Prevention

House Bill 595 - Real Property - Foreclosure of Residential Property - Certified Community Development Financial Institutions. The legislation prohibits foreclosure of a residential property if a Community Development Financial Institution (CDFI) has made an offer to a secured party (lender) purchase the property for the purpose of transferring title to the immediately preceding mortgagor (borrower), enabling a CDFI to intervene in a foreclosure to assist borrowers. The legislation would build on a successful model advanced by Boston Community Capital (BCC), a 29 year old Massachusetts-based CDFI to assist homeowners facing foreclosure. The program, named “Stabilizing Urban Neighborhoods” (SUN), helps homeowners and tenants facing foreclosure repurchase their homes with mortgages that they can afford.

Smart Growth, Community Development, and Neighborhood Revitalization

House Bill 510 - Sustainable Communities Tax Credit Program - Extension and Alteration.

The Sustainable Communities Tax Credit Program provides an incentive for preservation and rehabilitation of eligible historic structures and supports revitalization in communities across Maryland. The legislation reauthorizes the Sustainable Communities Tax Credit and extends the availability of commercial and residential historic rehabilitation tax credits. HB510 extends the tax credit through June 2017. The legislation strengthens small businesses by authorizing owners to receive tax credits for small projects (new roofs, façade improvements, etc.) that may otherwise have difficulty competing with large commercial projects for tax credits in Sustainable Communities. HB510 authorizes \$50,000 for small commercial projects that do not exceed \$500,000 in total costs; this provision is capped at \$4M and will not begin until FY 2016. The legislation abolishes 10% commercial credit for non-historic structures in Sustainable Communities.

Senate Bill 486 – Income Tax Credit - Endow Maryland. The legislation provides a 25 percent credit against the State Income Tax for donations to community foundations for the purpose of capitalizing endowment funds. The Endow Maryland Tax Credit complements the Department’s existing Community Investment Tax Credit (CITC) by providing a tool for community foundations to raise endowment funds in support of local initiatives. In contrast to CITC, which provides support to projects and services undertaken by nonprofit sponsors, community foundations are permanent sources of philanthropic support, specializing in building civic endowments to serve local needs. Community foundations work with local partners to address a wide range of needs, from education to aging, from arts to the environment. Community Foundations work with donors plan and carry out their charitable giving; and in building endowments to serve their regions' changing needs. The legislation approved by the Maryland General Assembly provides \$250,000 in tax credits annually, enabling community foundations to raise \$1 million in donations through the credit.