

(I) CURRENTLY IS MAKING SUBSTANTIAL COMMITMENTS TO AFFORDABLE HOUSING; OR

(II) IS AT TAXING CAPACITY AND DOES NOT HAVE DISCRETIONARY SURPLUS FUNDS.

~~(8) FOR EACH PARTNERSHIP PROJECT SUBSEQUENT TO THE FIRST PROJECT UNDERTAKEN BY A LOCAL GOVERNMENT, THE AMOUNT OF THE LOCAL CONTRIBUTION TO THE PROJECT IS SIGNIFICANTLY GREATER THAN THE LOCAL CONTRIBUTION TO THE IMMEDIATELY PRECEDING PARTNERSHIP PROJECT UNDERTAKEN BY THE LOCAL GOVERNMENT IN ACCORDANCE WITH REGULATIONS ADOPTED UNDER § 2-1105(4) OF THIS SUBTITLE UNLESS THE LOCAL GOVERNMENT CAN DEMONSTRATE THAT IT IS AT TAXING CAPACITY AND DOES NOT HAVE DISCRETIONARY SURPLUS FUNDS, IN WHICH CASE THE LOCAL GOVERNMENT SHALL DEMONSTRATE THAT SINCE UNDERTAKING A PRIOR PROJECT, THERE HAS BEEN AN INCREASING ACCEPTANCE OF THE LOCAL GOVERNMENT'S AFFORDABLE HOUSING OBLIGATIONS AS EVIDENCED BY:~~

~~(I) INCREASED LOCAL INCENTIVES WHICH ENCOURAGE PRIVATE DEVELOPMENT OF LOW AND MODERATE INCOME HOUSING; OR~~

~~(II) ADOPTION OF LOCAL CODES, STANDARDS, OR POLICIES WHICH REDUCE THE COSTS OF DEVELOPING OR OPERATING LOW AND MODERATE INCOME HOUSING.~~

2-1107.

(A) A REPAYMENT OF THE FUNDS MADE AVAILABLE TO LOCAL GOVERNMENTS UNDER THE PROGRAM MAY NOT BE REQUIRED UNLESS THE LOCAL GOVERNMENT SELLS THE PROJECT OR FAILS TO OPERATE THE PROJECT IN ACCORDANCE WITH AGREEMENTS BETWEEN THE DEPARTMENT AND THE LOCAL GOVERNMENT FOR THE BENEFIT OF HOUSEHOLDS OF LOWER INCOME. THE DEPARTMENT MAY SECURE THE LOCAL GOVERNMENT'S OBLIGATIONS BY A MORTGAGE, DEED OF TRUST, OR OTHER SECURITY DEVICE ACCEPTABLE TO THE DEPARTMENT.

(B) LOCAL GOVERNMENTS MAY ELECT TO CONTRIBUTE LOCAL FUNDS IN ORDER TO ALLOW FOR MORE AFFORDABLE RENTS.

(C) THE LOCAL GOVERNMENT MAY NOT BE REQUIRED TO PLEDGE ITS FULL FAITH AND CREDIT.

(D) ANY LOCAL GOVERNMENT SHALL HAVE THE POWER TO PARTICIPATE IN THE PROGRAM, INCLUDING THE POWER TO DEVELOP, ACQUIRE, IMPROVE, OWN, OPERATE, AND MANAGE RENTAL HOUSING, ENTER INTO A LOAN WHICH DOES NOT PLEDGE THE FULL FAITH AND