

Maryland

Disadvantaged Community System Assistance

Additional Subsidization and Eligible Recipients – There are two distinct and additive additional subsidy authorities regarding the FFY 2022 and FFY 2023 capitalization grants:

1) the Congressional Additional Subsidy as authorized by the FFY 2022 and FFY 2023 appropriations require states to provide 14% of the capitalization grant as subsidy (e.g., loan principal forgiveness) to any DWSRF-eligible recipient and

2) the SDWA Disadvantaged Community Subsidization Amounts as authorized by the SDWA requires the DWSRF provide additional subsidies in the amount no less than 12% of the capitalization grant and no more than 35% of the capitalization grant. Additional subsidies are provided to DAC applicants in priority ranking order and readiness to proceed to construction until the statutory limit is reached. It has been MWIFA's policy that loan principal forgiveness not exceed \$1.5 million per project and/or applicant; however, the Administration reserves the right to provide additional subsidy, should circumstances warrant. DAC projects are eligible to receive up to 50% of the DWSRF financing as loan principal forgiveness. In FY 2015, the DAC eligibility criteria was revised to make it consistent with Water Quality SRF program, which was revised in FY 2023 as follows: Require at least 2 of the following 4 criteria to qualify as a disadvantaged community

1. Project is physically located and benefits a community with a poverty level above 110% of the statewide poverty rate; and/or
2. Project is physically located and benefits a community with median household income (MHI) less than 80% of State MHI; and/or
3. Project is physically located and benefits a community with an unemployment rate above 120% of the State unemployment rate; and/or
4. Project is physically located and benefits a community with a population trend of less than 1.2%.

Or, if 50% or more of project cost or project scope serves, protects, or benefits an Environmental Justice or overburdened community as identified by a Socioeconomic Score (Distribution Across Maryland) of 75 or more using MDE's Environmental Justice Tracking Tool at <https://mdewin64.mde.state.md.us/EJ/>. In addition to the above criteria, if the statutory limit for additional subsidy has not been reached, up to 25% of the loan amount as loan principal forgiveness may also be provided to projects in priority ranking order with readiness to proceed where the water user rate would increase by more than 20% to achieve financial capacity as determined by MDE.