

(ii) The Department of the Environment may provide funding for a sewer system in an existing community beyond the periphery of the developed portion of the community if the expansion has a permitted average density of at least 3.5 units per acre.

(e) An area, other than an existing community under subsection (d) of this section, may be designated as a priority funding area if:

(1) the area:

(i) is within a locally designated growth area of the [county] LOCAL GOVERNMENT; and

(ii) is planned to be served under the approved 10-year water and sewer plan;

(2) the designation represents a long-term development policy for promoting an orderly expansion of growth and an efficient use of land and public services; and

(3) in that part of the area designated by the local government for residential use or development, there is permitted an average density of not less than 3.5 units per acre.

(f) (1) A rural village may be designated as a priority funding area under this section if:

(i) the village is designated in the county comprehensive plan as of July 1, 1998; and

(ii) the boundary of the priority funding area is the periphery of the developed portion of the village as of July 1, 1998.

(2) Funding for a growth-related project under this subtitle is to be provided only if the project serves to maintain the character of the community and does not serve to increase the growth capacity of the village except for limited peripheral or in-fill development.

(g) The designation by a county, MUNICIPAL CORPORATION, or [counties] MULTIPLE LOCAL GOVERNMENTS AS PROVIDED IN SUBSECTION (A)(2) OF THIS SECTION, of a priority funding area under this section shall be based on:

(1) an analysis of the capacity of land areas available for development, including in-fill and redevelopment; and

(2) an analysis of the land area needed to satisfy demand for development at densities consistent with the master plan.

(h) For the purposes of this section, average density shall be calculated based on the total acreage of all parcels in the area for which the principal permitted use is residential, excluding land: