

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 166

(Senators Waldstreicher and Hettleman)

Education, Energy, and the Environment

Environment and Transportation

Housing and Community Development - Adaptive Reuse

This bill establishes that adaptive reuse of a property to develop affordable multifamily housing is an eligible use of the proceeds of a loan for specified housing programs administered by the Department of Housing and Community Development (DHCD). The bill requires DHCD to notify applicants to those programs that adaptive reuse of a property to develop affordable multifamily housing is an eligible use of loan proceeds; however, the notification requirement does not apply to loan applications for any DHCD program that does not focus on housing (including programs within the Division of Neighborhood Revitalization). The bill's provisions apply to any program operated by DHCD that awards loans that may be used to develop affordable multifamily housing. However, if the laws or regulations governing a particular program establish more specific rules regarding the use of a loan for adaptive reuse, the more specific rules must apply.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State operations or finances. DHCD advises that the department already issues loans for projects for the adaptive reuse of properties for multifamily housing and that statute does not prohibit such projects from consideration for a loan under any program administered by the department. DHCD further advises that the department can notify applicants to relevant programs using existing budgeted resources.

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: Minimal.

Analysis

Bill Summary: “Adaptive reuse” means the retrofitting and repurposing of an existing building to develop new dwelling units. “Affordable multifamily housing” means a multifamily dwelling where all or a portion of the dwelling units are reserved for individuals whose household income is less than or equal to a certain limit on maximum household income.

Current Law: The 2022 *Joint Chairmen’s Report* required DHCD to study the feasibility and limitations of an adaptive reuse program and to submit a report on those findings. DHCD submitted its [findings](#) to the Senate Budget and Taxation Committee and the House Appropriations Committee on December 15, 2022. Among other things, DHCD reported that existing departmental programs already issue loans for projects engaging in adaptive reuse. As introduced, the fiscal 2024 capital budget includes a mixture of general funds, special funds, and federal funds for those programs:

- Strategic Demolition Fund (\$25.0 million);
- Baltimore Regional Neighborhood Initiative (\$12.0 million);
- National Capital Strategic Economic Development Program (\$7.0 million);
- Special Loan Programs (\$10.4 million);
- Seed Community Development Anchor Institution Fund (\$10.0 million); and
- Community Legacy Program (\$6.0 million).

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 150 (Delegate Stewart, *et al.*) - Environment and Transportation.

Information Source(s): Maryland Association of Counties; Maryland Municipal League; Department of Housing and Community Development; Department of Legislative Services

Fiscal Note History: First Reader - February 3, 2023
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