

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1334
Appropriations

(Delegate Smith)

Budget and Taxation

Housing and Community Development – Continuing the CORE Partnership
Fund – Extension

This bill extends indefinitely the Continuing the CORE Partnership Fund in the Department of Housing and Community Development (DHCD) and requires the Governor, for fiscal 2026 and each fiscal year thereafter, to include in the annual budget bill an appropriation of \$50.0 million to the fund. **The bill takes effect June 1, 2024.**

Fiscal Summary

State Effect: No net effect on State finances. The FY 2025 capital budget as introduced includes \$50.0 million in general obligation (GO) bond funding for Project CORE, and the five-year *Capital Improvement Program* (CIP) includes continued funding at that level, although funding is currently provided through the Strategic Demolition and Smart Growth Impact Fund rather than the Continuing the CORE Partnership Fund, as discussed below. The bill’s mandated appropriation ensures that existing funding levels are maintained beyond FY 2025. **This bill establishes a mandated appropriation beginning in FY 2026.**

Local Effect: The bill does not materially affect Baltimore City finances or operations. The bill ensures funding for Project CORE is maintained at existing funding levels.

Small Business Effect: None.

Analysis

Current Law:

Project CORE and the Continuing the CORE Partnership Fund

On January 5, 2016, Governor Lawrence J. Hogan, Jr. and Baltimore City Mayor Stephanie Rawlings-Blake announced Project CORE (Creating Opportunities for Renewal and Enterprise) as a multi-year State-city partnership to demolish thousands of vacant buildings in Baltimore City and replace them with green space and economic development projects. DHCD, the Maryland Stadium Authority (MSA), and Baltimore City entered into a memorandum of understanding on February 10, 2016.

Chapters 639 and 640 of 2018 established the Continuing the CORE Partnership Fund within DHCD. The fund is a special, nonlapsing fund with the stated purpose of assisting DHCD, in conjunction with MSA and Baltimore City, in expeditiously removing blighted property within Baltimore City. The fund consists of money appropriated in the State budget to the fund any other money from any other source accepted for the benefit of the fund. The fund may be used for administrative expenses. For fiscal 2020, the Governor was explicitly authorized to include in the annual budget bill an appropriation of \$30.0 million to the fund. For fiscal 2021 through 2024, the Governor was explicitly authorized to include in the annual budget bill an appropriation of \$25.0 million to the fund. Chapters 639 and 640 terminate June 30, 2024.

DHCD advises that since the fund's inception it has never received funding, but that Project CORE is operated with GO bond proceeds through the Strategic Demolition and Smart Growth Impact Fund, as discussed below. Additional information regarding Project CORE can be found [here](#).

Strategic Demolition and Smart Growth Impact Fund

Chapter 30 of 2016 established the Strategic Demolition and Smart Growth Impact Fund within DHCD. The fund is a special, nonlapsing fund, the stated purpose of which is to provide grants and loans to assist in predevelopment activities, including interior and exterior demolition, land assembly, architecture and engineering, and site development for revitalization projects in designated areas of the State. The fund may only be used to provide grants and loans for such activities to government agencies and community development organizations in an area designated as a sustainable community or a qualified opportunity zone. The fund consists of (1) money appropriated in the State budget to the fund; (2) repayments of loans made from the fund; (3) interest earnings of the fund; and (4) any other money from any other source accepted for the benefit of the fund. To be eligible for a grant or loan from the fund, a government agency or a community

development organization is not required to provide evidence of a matching fund. DHCD must award grants and loans from the fund on a competitive basis. The fiscal 2025 capital budget as introduced includes \$60.0 million in GO bond proceeds for the fund; DHCD advises that \$50.0 million of that amount is for Project CORE. The five-year CIP includes funding at that same level through fiscal 2029.

State Fiscal Effect: As noted above, the fiscal 2025 capital budget as introduced includes \$50.0 million in GO bond proceeds for Project CORE through the Strategic Demolition and Smart Growth Fund, and the CIP includes funding at that same level through fiscal 2029. Although the General Assembly cannot mandate funding in the capital budget, this analysis assumes that the Governor satisfies the bill's mandated appropriation by continuing to fund Project CORE with GO bond proceeds (instead of pay-as-you-go general funds), as has been the case since its inception. Unlike past practice, however, this analysis also assumes that, beginning in fiscal 2026, all Project CORE funding flows through the Continuing the CORE Partnership Fund instead of the Strategic Demolition and Smart Growth Impact Fund.

As DHCD has operated Project CORE for several years, it can continue to operate the program using existing staff.

Additional Information

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

Designated Cross File: None.

Information Source(s): Baltimore City; Department of Budget and Management; Department of Housing and Community Development; Maryland Stadium Authority; Department of Legislative Services

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