



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony on HB 150

Testimony by Delegate Vaughn Stewart

February 7th, 2023 | Environment & Transportation Committee

What the bill does

Adaptive Reuse refers to taking an already-existing structure, such as a vacant office building, and converting its internal features for adaptability in its new use. This type of construction often occurs when a building's previous purpose becomes outdated or even obsolete for instance, a specific type of business or industry has moved due to economic or technological reasons.

House Bill 150 grants the Department of Housing and Community Development the authority to use existing funding to support financing affordable multifamily housing adaptive reuse projects.

Why the Bill is Important

Adaptive reuse can turn community liabilities into assets and is a cost-effective way to propel economic development and neighborhood revitalization. Many commercial developers have used this approach to transform older structures like warehouses and office buildings into apartments and condominiums.

A local example of adaptive reuse is ProMark Partners in Silver Spring, MD. ProMark Partners renovated an under-used 1960's era office building and built Octave 1320: 102 condominiums sold at workforce housing prices. Promark's vision for the project was born in 2015 with the assistance of a \$4.1 million Montgomery County investment and financing from BB&T. Today the 102-unit development, designed by BKV Group, is nearly sold out, and the County's investment has been completely repaid. About 80 percent of the new condo owners are first-time homebuyers, many of them millennials. Almost half would qualify as workforce buyers based on the county's income parameters.

Maryland can leverage its existing appropriations to the Department of Housing and Community Development and invest in similar projects in communities where the housing

affordability need is dire. The Maryland Housing Needs Assessment 10-Year Strategic Plan reveals the pre-existing housing inventory shortages:

1. A shortage of affordable and available units with an overall deficit of about 85,000 units for extremely low-income households.
2. Between 2020 and 2030, Maryland will add nearly 100,000 new households earning less than half of the median income. About 49,000 of those will qualify as extremely low-income households, and 47,500 will qualify as very low-income households.
3. Out of 167,778 severely cost-burdened renter households in the state, more than 120,000 have extremely low incomes and therefore risk losing housing.

Why the Committee Should Vote Favorably

Housing developers are already doing innovative new work to retrofit existing buildings, building housing and creating jobs. HB 150 simply empowers DHCD to include these projects within existing grant and loan programs.

I urge the committee to vote favorably in support of HB 150.