



## *The Senate of Maryland* ANNAPOLIS, MARYLAND 21401

### Testimony of Senator Jeff Waldstreicher **Senate Bill 166 – Housing and Community Development – Adaptive Reuse**

February 7, 2023

Chair Feldman, Vice Chair Kagan & Members of the Education, Energy, and the Environment Committee:

All over the nation, right now, states legislatures are grappling with the issue of housing affordability. This issue is particularly acute in Maryland, where we have a shortage of at least 85,000 affordable units.<sup>1</sup>

As you can imagine, there is no one-size-fits-all approach to this problem. Solving our State's housing shortage will require bold and creative solutions tailored to every individual jurisdiction's needs. In the post-Covid world, the most important and innovative approach to this problem is the concept of "adaptive reuse."

Adaptive reuse involves the retrofitting and repurposing of an existing building to develop new housing. The COVID-19 pandemic created a unique opportunity to put this concept into practice. Despite record-low unemployment rates, the commercial building vacancy rates remain stubbornly high all over Maryland. These buildings could be repurposed into housing at all price points, thereby easing the housing supply shortages in our respective jurisdictions. Office conversions are the primary purpose behind this bill. But we should note that adaptive reuse is not limited only to traditional commercial buildings. This concept could also apply to empty warehouses, abandoned malls, and so on.

Senate Bill 166 is a straightforward bill that simply makes clear that office conversions and other adaptive reuse projects are eligible for already-existing loans and grants administered by the Department of Housing and Community Development (DHCD). Because this bill doesn't create any new loans or allocate any new funds—instead merely tapping existing programs—there is no fiscal note.

Now, to be clear, DHCD has already begun applying some of these loans to adaptive reuse. So why bring the bill? Two reasons:

- 1) By codifying the practice, we are expressing a strong policy preference. We are saying that turning vacant office space into housing is an efficient, affordable way to

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<sup>1</sup> Schweitzer, A. (2021, February 18). Maryland Must Build Thousands More Homes to Keep Prices Affordable, Report Says. *NPR*. <https://www.npr.org/local/305/2021/02/18/968790273/maryland-must-build-thousands-more-homes-to-keep-prices-affordable-report-says>

add residents to our community and lower the cost of housing. Codifying adaptive reuse is a roadmap to increasing both prosperity and affordability in the post-Covid world.

- 2) We are sending a message to industry. The developers who convert abandoned office space are often a very different breed than the traditional homebuilders who currently access DHCD loans and grants. By codifying adaptive reuse, we are putting up a billboard for industry that their conversions are welcome and supported here in Maryland. As always, Maryland is competing with other states. Many other states have codified loans for office conversions, so it's important that we send a message to industry that Maryland is open for business.

In sum, we have a choice. We can do nothing and risk half-abandoned cities with minimal street life and dead nightlife. Or we can embrace adaptive reuse: adding residents, lowering costs, increasing affordability, and building prosperity. If you choose the latter, I hope you'll vote for a favorable report for SB 166.

Very truly yours,

A handwritten signature in black ink, reading "Jeff Waldstreicher". The signature is fluid and cursive, with the first name "Jeff" being more prominent and the last name "Waldstreicher" written in a continuous script.

Senator Jeff Waldstreicher