

Department of Legislative Services  
Maryland General Assembly  
2024 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

Senate Bill 418

(Senator Watson)

Education, Energy, and the Environment

Environment and Transportation

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Seed Community Development Anchor Institution Fund - Alterations

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This bill expands the purpose and eligible use of the Seed Community Development Anchor Institution Fund in the Department of Housing and Community Development (DHCD) to include providing grants and loans to anchor institutions for community projects *in sustainable communities* in the State. The bill also expands the definition of “anchor institution” to include departments, foundations, and other entities of institutions of higher education and hospital institutions in the State. Finally, the bill repeals the requirement that required matching funds be from a private source. **The bill takes effect July 1, 2024.**

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Fiscal Summary

**State Effect:** Overall finances of the Seed Community Development Anchor Institution Fund are not affected. Due to the expansion of the eligible use of the fund and the change in the definition of “anchor institution,” some State entities may receive more funding, while others may receive less. In addition, the repeal of the requirement that required matching funds be from a private source may enable additional entities to apply for funding. DHCD can handle any administrative changes with existing budgeted resources.

**Local Effect:** The bill does not directly affect local government finances or operations.

**Small Business Effect:** Minimal.

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## Analysis

### Current Law:

#### *Seed Community Development Anchor Institution Fund*

Chapter 31 of 2016 established the Seed Community Development Anchor Institution Fund within DHCD. The fund provides grants and loans to anchor institutions for community development projects in blighted areas of the State. “Anchor institution” means an institution of higher education in the State or a hospital institution in the State that (1) has at least five physicians who are organized as medical staff for the institution; (2) maintains facilities to provide, under the supervision of the medical staff, diagnostic and treatment services for two or more unrelated individuals; and (3) admits or retains the individuals for overnight care.

To be eligible for a grant or loan, an anchor institution must provide evidence of matching funds from a private source. The Governor must include in the annual budget bill or the capital budget bill an appropriation of \$10.0 million for the fund. The fiscal 2025 capital budget as passed by the General Assembly includes \$10.0 million in general obligation bond proceeds for the fund.

#### *Sustainable Communities and Priority Funding Areas*

A sustainable community is defined as a part of a priority funding area that (1) is designated by the Smart Growth Subcabinet on the recommendation of the Secretary of Housing and Community Development; (2) has been designated as a Base Realignment and Closure Revitalization Incentive Zone; or (3) has been designated a transit-oriented development.

Chapter 759 of 1997 established that State spending on certain growth-related activities must be directed to priority funding areas. Growth-related projects include most State programs that encourage or support growth and development such as highways, sewer and water construction, economic development assistance, and State leases or construction of new office facilities. Priority funding areas include all municipalities that existed in the State in 1997; areas inside the Washington Beltway and the Baltimore Beltway; and areas designated as enterprise zones, neighborhood revitalization areas, heritage areas, and certain industrial areas. Areas that were annexed by a municipality after 1997 may also be designated priority funding areas, as long as the areas satisfy specified requirements in statute generally related to density, water and sewer access, and other related factors.

## **Additional Information**

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

**Designated Cross File:** HB 891 (Delegate Holmes) - Environment and Transportation.

**Information Source(s):** University System of Maryland; Morgan State University; Maryland Department of Health; Department of Housing and Community Development; Department of Legislative Services

**Fiscal Note History:**      First Reader - February 6, 2024  
rh/mcr                              Third Reader - February 28, 2024  
   Revised - Budget Information - May 2, 2024

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