

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 367 (Senator McCray)
Education, Health, and Environmental Affairs

Housing and Community Development - Neighborhood Revitalization Programs
- Application Requirements

This bill requires an application to the Department of Housing and Community Development (DHCD) for the Community Legacy Program, the Neighborhood Business Development Program, and the Baltimore Regional Neighborhood Initiative Program to include a letter of support from the legislative district in which the proposed project is located. The bill applies prospectively and does not apply to any application submitted before the bill's effective date. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: The bill is procedural in nature and does not directly affect governmental finances.

Local Effect: The bill does not directly affect local finances, but failure to obtain the necessary letter of approval for State grants jeopardizes funding for proposed community development projects in local jurisdictions.

Small Business Effect: Minimal.

Analysis

Current Law:

Community Legacy Program

The Community Legacy Program preserves existing communities as desirable places to live and conduct business to reduce outward pressure for sprawl development and provide financial assistance to sponsors or their designees to develop sustainable community plans or community legacy projects. The program must encourage partnerships among the federal government, the State government, political subdivisions, and community development organizations to develop and implement sustainable community plans and community legacy projects.

Program regulations require applications for the Community Legacy Program to include, among other things, written approval for the proposed project from the local government in whose jurisdiction the project is located.

Neighborhood Business Development Program

The Neighborhood Business Development Program provides grants and loans to community-based economic development activities in revitalization areas designated by local governments. The program is available to businesses located in priority funding areas and sustainable communities.

Program regulations require the political subdivision in which an eligible project is located to (1) approve the project by adopting a local resolution of support; (2) approve the project through a letter of support delivered to the program by an authorized designee; or (3) allow at least 45 days to lapse following the receipt of written notice of the proposed project to the highest elected official without denying the application.

Baltimore Regional Neighborhood Initiative

Chapter 29 of 2016 established the Baltimore Regional Neighborhood Initiative. The initiative provides strategic investment in local housing and businesses and focuses on areas where modest investment will have an appreciable neighborhood revitalization impact. Funds may be used for operating costs necessary to implement various community enhancement projects throughout the Baltimore region.

Program regulations require applications for financial assistance under the program to include, among other things, written approval for the proposed project in the form of a local government resolution or letter of support.

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 Comments: DHCD advises that requiring a letter of support from the legislative district as part of an application for funding may constitute a form of legislative veto.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Calvert, Montgomery, and Prince George's counties; cities of Annapolis and Bowie; Department of Housing and Community Development; Department of Legislative Services

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