

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 874

(Senator M. Washington)

Budget and Taxation

Environment and Transportation

Community Health and Safety Works Grant Program and Fund - Establishment

This bill codifies the existing Community Health and Safety Works Grant Program and establishes a related fund within the Department of Housing and Community Development (DHCD). The purpose of the program is to provide financial assistance in the form of grants for eligible projects that improve the quality of life within and economic potential of Maryland communities by making targeted investments in crime prevention strategies, as specified. DHCD must administer the program and adopt regulations to carry out the program.

Fiscal Summary

State Effect: The FY 2024 budget as introduced includes \$10.0 million in general funds for the program. General fund support for the existing program is assumed to continue at that level in future years even in the absence of the bill and, therefore, is not reflected below. Special fund revenues and expenditures increase correspondingly beginning in FY 2024, assuming that program funding is transferred to the special fund via budget amendment in FY 2024 and allocated to the special fund in future years. Higher education revenues and expenditures increase correspondingly to the extent State institutions of higher education apply for and receive grants (not reflected below).

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
SF Revenue	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
SF Expenditure	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
Net Effect	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Note () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Overall, local government grant revenues and expenditures could decrease to the extent State institutions of higher education receive grants that local governments otherwise would have received in the absence of the bill.

Small Business Effect: Minimal or none.

Analysis

Bill Summary: The Community Health and Safety Works Grant Program consists of three types of eligible projects, each discussed in more detail below:

- facility and community improvement projects;
- business district and neighborhood security projects; and
- community-centered crime and violence intervention projects.

Facility and Community Improvement Projects

A facility and community improvement project is a physical project or a community service that (1) makes a facility or a community-managed open space safe for residents or visitors; (2) encourages lawful use of a facility or community-managed open space; or (3) supports community-led efforts to improve the appearance of a facility or a community-managed open space. It includes, among other things, installation of vehicle or pedestrian control devices, removal of graffiti, and landscape design.

Eligible applicants are nonprofit organizations. If an eligible applicant submits an application for a grant for a facility and community improvement project to purchase or install a network of cameras or license readers, the eligible applicant must include with the application (1) a monitoring plan and (2) evidence of a partnership with law enforcement, the governmental unit responsible for traffic enforcement for the political subdivision, and any other relevant public agencies.

DHCD may award an eligible applicant who submits a complete application for financial assistance under the program for a facility and community improvement project a grant between \$25,000 and \$50,000.

Business District and Neighborhood Security Projects

A business district and neighborhood security project is a comprehensive plan for enhancing the capacity of public safety and comfort systems along commercial corridors and adjacent areas. It includes, among other things, contracted security services or the purchase and installation of specified equipment.

Eligible applicants are nonprofit organizations, local governments, or institutions of higher education. If an eligible applicant submits an application for a grant under the program for a business district and neighborhood security project to purchase or install a network of cameras or license readers, the eligible applicant must include with the application (1) a monitoring plan and (2) evidence of a partnership with local law enforcement, the

governmental unit responsible for traffic enforcement for the political subdivision, and any other relevant public agencies.

DHCD may award an eligible applicant who submits a complete application for financial assistance under the program for a business district and neighborhood security project a grant between \$75,000 and \$150,000.

Community-centered Crime and Violence Intervention and Prevention Projects

A community-centered crime and violence intervention and prevention project is a comprehensive strategy that integrates partnerships and coordinated activities that (1) directly engage individuals who are at risk of becoming involved with or affected by violence and crime and (2) reduce crime and disorder, as specified.

Eligible applicants are nonprofit organizations. DHCD may award an eligible applicant for a community-centered crime and violence intervention and prevention project a grant that does not exceed \$250,000.

Community Health and Safety Works Grant Fund

The Community Health and Safety Works Grant Fund is a special, nonlapsing fund administered by DHCD. The purpose of fund is to provide financial assistance in the form of grants under the program for eligible projects, and the fund may only be used for providing financial assistance in the form of grants under the program. The fund consists of (1) money appropriated in the State budget to the fund; (2) earnings from the investment of money in the fund; (3) interest earnings of the fund; and (4) any other money from any other source accepted for the benefit of the fund.

Current Law: The Community Safety Works program, administered by DHCD, was created as part of Governor Lawrence J. Hogan Jr.'s Re-Fund the Police Initiative in fiscal 2022. Community Safety Works provides grants for business district or facility improvements to Main Street communities or other community development nonprofit organizations. Grants can be used for surveillance tools such as lighting and cameras; pedestrian and vehicle traffic management tools, such as landscaping, fencing, or expanding restaurant space to sidewalks and roadways; and other improvements that renovate and improve public spaces to remove signals of blight. DHCD expanded the eligible uses in fiscal 2023 to include grants for crime and violence intervention and prevention, including social services and direct outreach. In fiscal 2022, the program was funded with \$10.0 million in general funds, and in fiscal 2023, the program was funded with \$10.3 million in federal funds from the federal American Rescue Plan Act of 2021. The fiscal 2024 budget as introduced includes \$10.0 million in general funds for the program.

Among other responsibilities, DHCD provides financing for the economic development and maintenance of affordable housing and communities in Maryland. DHCD also provides funding for community revitalization projects. As introduced, the fiscal 2024 capital budget includes a mixture of general funds, special funds, and federal funds for the following DHCD programs that provide assistance to homebuyers and those facilitating community revitalization in Maryland:

- Strategic Demolition Fund (\$25.0 million);
- Neighborhood Business Development Program (\$22.2 million);
- Baltimore Regional Neighborhood Initiative (\$12.0 million);
- National Capital Strategic Economic Development Program (\$7.0 million);
- Community Development Block Grant Program (\$12.0 million);
- Seed Community Development Anchor Institution Fund (\$10.0 million);
- Special Loan Programs (\$10.4 million);
- Community Legacy Program (\$6.0 million);
- Homeownership Programs (\$21.0 million); and
- Housing and Building Energy Program (\$15.8 million).

State Fiscal Effect:

Capitalizing the Community Health and Safety Works Grant Fund

As the program has been funded for three years, this analysis assumes that, in the absence of the bill, general fund expenditures for the program would be maintained at the level included in the fiscal 2024 budget as introduced – \$10.0 million annually. Thus, it is assumed that the bill does not result in an increase in general fund expenditures to capitalize the new special fund. To the extent that, in the absence of the bill, funding for the program would not have been provided, general fund expenditures increase to capitalize the fund.

Because the bill creates a new special fund for program funding, special fund revenues to the fund increase by \$10.0 million annually beginning in fiscal 2024, reflecting receipt of the general funds provided for the program (by budget amendment in fiscal 2024 and then in the operating budget each year thereafter). Special fund expenditures increase correspondingly, assuming that the full amount of the appropriation is distributed as grants each year.

Administrative Expenses

DHCD advises that the program is currently supported by one staff who is funded through the existing federal appropriation and that one additional half-time position is needed to handle the volume of applications under the program. Accordingly, DHCD advises that

general funds are needed to support those positions moving forward. However, because it is assumed that the program continues even in the absence of the bill – at the same funding level as is included in the fiscal 2024 budget as introduced – *this bill alone* does not result in the need for additional staff. Nevertheless, if the general fund is expected to cover such costs moving forward, DHCD’s administrative costs are estimated to total \$181,717 in fiscal 2024, increasing to \$189,435 by fiscal 2028. Because these costs are anticipated to be incurred even in the absence of the bill, they have not been included in this analysis.

Other Effects

Higher education revenues and expenditures increase correspondingly to the extent State institutions of higher education apply for and receive grants under the bill. Under the current program, institutions of higher education are not eligible to receive grants.

Additional Information

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

Designated Cross File: None.

Information Source(s): Baltimore City, Caroline, and Prince George's counties; Baltimore City Community College; University System of Maryland; Morgan State University; Maryland Independent College and University Association; Department of Budget and Management; Department of Housing and Community Development; Department of Legislative Services

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