

**Department of Legislative Services**  
 Maryland General Assembly  
 2025 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 890 (Senator M. Washington)  
 Education, Energy, and the Environment

**Housing and Community Development - Division of Just Communities -  
 Establishment**

This bill codifies the existing Division of Just Communities (DJC) within the Department of Housing and Community Development (DHCD) and expands its duties. In addition, the bill (1) alters the intent of the General Assembly regarding the designation of an area as a Just Community; (2) alters the process for designating an area as a Just Community; and (3) repeals the requirement that the Governor identify State programs under which a Just Community must receive priority for State funding. The bill also recodifies the existing Community Health and Safety Works Grant Program under DJC and makes conforming changes. **The bill takes effect July 1, 2025.**

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$151,600 in FY 2026; future years reflect annualization, inflation, and ongoing costs. Federal fund (or other grant) revenues (and corresponding expenditures) increase to the extent DJC secures additional grants.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
FF/Other Rev.	-	-	-	-	-
GF Expenditure	\$151,600	\$178,700	\$186,600	\$195,000	\$203,300
FF/Other Exp.	-	-	-	-	-
Net Effect	(\$151,600)	(\$178,700)	(\$186,600)	(\$195,000)	(\$203,300)

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

**Local Effect:** Overall, local government finances are not anticipated to be materially affected. However, local governments that serve designated Just Communities may benefit to the extent they receive additional funding and/or technical assistance, while others may be negatively affected.

**Small Business Effect:** Minimal.

## Analysis

### **Bill Summary/Current Law:**

#### *Just Communities – Findings and Intent of the General Assembly*

Chapters 147 and 148 of 2024 established that the General Assembly finds that the State must have Just Communities in order to (1) affirmatively advance equity, civil rights, racial justice, and equal opportunity in the State; (2) create opportunities for the improvement of communities that have been historically underserved, with anticipated benefits for the entire State; and (3) right the wrongs of the past, when the State systematically excluded certain groups from equal participation in benefits of public records. The Acts established the intent of the General Assembly that the Just Community designation be used to prioritize State funding to increase racial, economic, and health equity in the State.

*The bill* alters the intent of the General Assembly to be that DHCD use DJC and the Just Community designation to (1) identify and prioritize funding to address challenges in Just Communities that involve the rental housing market, mortgage lending, housing valuation practices, disparities with housing infrastructure, foreclosures, and intergenerational wealth and (2) coordinate with other State programs to maximize the State's investment in Just Communities.

#### *Just Communities – Designation*

Chapters 147 and 148 authorize the Governor, on the recommendation of the Secretary of Housing and Community Development, to designate an area as a Just Community if the Secretary demonstrates that past and current trends in homeownership, property values, commercial and residential vacancy, and business or housing investment show a need for reinvestment in the area. In addition, the area must also have been negatively impacted by a history of (1) forms of legal racial segregation, as specified; (2) the demolition of residential neighborhoods through the use of eminent domain or State or federal funding; (3) a State imprisonment rate higher than 750 per 100,000 persons; or (4) unequal exposure to environmental and health hazards, as specified. To maintain a Just Community designation, every five years the Secretary must make designation recommendations for approval by the Governor. At the time Just Communities are designated or renewed, the Governor must identify State programs under which a Just Community must receive priority for State funding. However, the prioritization of State funding for Just Communities must not supersede other program requirements specified in State law.

*Under the bill*, DHCD (instead of the Governor) may designate an area as a Just Community if (1) the area includes separate and unequal neighborhoods distinguished by disparities in private and public resource allocation, including for home mortgages,

small businesses, and commercial real estate; (2) the foreclosure rate for the area exceeds the average foreclosure rate for the State; (3) the area includes a foreclosure hot spot, as defined by the bill; (4) the area has been negatively impacted by a history of residential segregation due to past federal, State, or local laws, regulations, or policies, including redlining, exclusionary zoning, or racially restrictive covenants; (5) the area was historically classified as “hazardous” by the Home Owners’ Loan Corporation; (6) housing and business investments for the area are not comparable to the average of other similar communities in the State, as indicated by specified factors; (7) the area has a history of neighborhood demolition through the use of eminent domain, federal policy, or State policy; (8) the area had a State imprisonment or parole rate of 6% or more of the adult population during the most recent two-year period for which data is available; (9) the area is subject to unequal exposure to environmental and health hazards, including accumulated mixed contaminants or air, land, or water pollution; or (10) the rates of asthma among adults in the area are higher than the 90th percentile for the State.

*The bill* also repeals (1) the process for an area to maintain a Just Community designation established under the Acts and (2) the requirement that the Governor identify State programs under which a Just Community must receive priority for State funding.

#### *Division of Just Communities – Responsibilities*

*The bill* codifies DJC as a division within DHCD. The bill specifies that DJC must:

- identify and secure grants and funding to administer initiatives and programs for Just Communities that (1) remedy historical disinvestment and exclusionary zoning policies; (2) promote community health, public safety, and capacity-building training; and (3) provide technical assistance to local public agencies and organizations that aim to achieve either of the above-stated purposes;
- administer each program assigned to DJC by statute, the Governor, and the Secretary of Housing and Community Development; and
- perform any function that the Secretary assigns to it to carry out the provisions governing DJC.

*The bill* further specifies that in securing funding to administer initiatives and programs for Just Communities, DJC must ensure coordination with activities funded through the Continuing the CORE Partnership Fund and the Community Health and Safety Works Grant Program.

#### *Definitions*

*Under the bill*, “foreclosure hot spot” means a community that has more than 10 foreclosure events in a given quarter and records a foreclosure concentration ratio of greater than 100.

*For purposes of the bill, “underserved community,” which is defined in the Environment Article, means any census tract in which, according to the most recent U.S. Census Bureau Survey, (1) at least 25% of the residents qualify as low-income; (2) at least 50% of the residents identify as nonwhite; or (3) at least 15% of the residents have limited English proficiency.*

#### *Community Health and Safety Works Grant Program and Fund*

The Community Health and Safety Works Grant Program, which is administered by DHCD, was created in fiscal 2022 as part of former Governor Lawrence J. Hogan Jr.’s Re-Fund the Police Initiative and was later codified by Chapter 221 of 2024. Generally, the program consists of three types of projects for which eligible applicants may receive funding: (1) facility and community improvement projects, which include, among other things, the removal of graffiti and the purchase or installation of landscape architectural design features, as specified; (2) business district and neighborhood security projects, which include, among other things, specified contracted security services or the purchase and installation of specified equipment; and (3) community-centered crime and violence intervention and prevention projects, which are comprehensive strategies that integrate partnerships and coordinated activities that directly engage individuals who are at risk of becoming involved with or affected by violence and crime, and reduce crime and disorder, as specified.

Chapter 221 also established the Community Health and Safety Works Grant Fund as a special, nonlapsing fund to support the program. The program received \$10.0 million in federal funds from the federal American Rescue Plan Act of 2021 in both fiscal 2022 and 2023 and \$10.0 million in general funds in fiscal 2024. The fiscal 2025 budget did not include any funding for the program. The fiscal 2026 budget as introduced similarly does not include any funding for the program.

#### *Baltimore Vacants Reinvestments Initiative and the Continuing the CORE Partnership Fund*

On January 5, 2016, then-Governor Hogan and then-Baltimore City Mayor Stephanie Rawlings-Blake announced Project CORE (Creating Opportunities for Renewal and Enterprise) as a multi-year State-city partnership to demolish thousands of vacant buildings in Baltimore City and replace them with green space and economic development projects. DHCD, the Maryland Stadium Authority (MSA), and Baltimore City entered into a memorandum of understanding on February 10, 2016. On October 1, 2024, Governor Wes Moore, by [executive order](#), redesignated Project CORE as the Baltimore Vacants Reinvestment Initiative (BVRI) to eliminate blight, revitalize neighborhoods, and maximize the economic potential and quality of life for residents in Baltimore City. Historically, the Strategic Demolition Fund supports Project CORE, and

the fiscal 2026 capital budget as introduced includes \$60.0 million in general obligation bonds for the fund, of which \$50.0 million is designated for BVRI.

Chapters 639 and 640 of 2018 established the Continuing the CORE Partnership Fund within DHCD. The fund is a special, nonlapsing fund with the stated purpose of assisting DHCD, in conjunction with MSA and Baltimore City, in expeditiously removing blighted property within Baltimore City. The fund consists of money appropriated in the State budget to the fund any other money from any other source accepted for the benefit of the fund. The fund may be used for administrative expenses. Chapter 355 of 2024, among other things, requires the Governor, for fiscal 2026 and each fiscal year thereafter, to include in the annual budget bill an appropriation of \$50.0 million to the fund. Neither the fiscal 2026 capital budget as introduced nor the fiscal 2026 operating budget as introduced includes funds for the Continuing the CORE Partnership Fund.

**State Fiscal Effect:** DHCD advises that while DJC already exists within the department, it cannot absorb the additional duties required under the bill with existing staff, which consists of two positions (one of which is currently vacant). DHCD further advises that to meet the duties established by the bill, it must hire nine additional staff – at a cost of between \$900,000 and \$1.0 million annually beginning in fiscal 2026 – to ensure that DJC can coordinate as required with other funds/programs within DHCD, coordinate with local communities, research and map neighborhoods for consideration as a Just Community designation and carry out other related administrative duties.

The Department of Legislative Services (DLS) disagrees. DJC already exists within DHCD, and while the bill alters the criteria for determining if an area may qualify as a Just Community, Chapter 147 and 148 already established general guidelines for such determinations. The bill's changes to those criteria alone do not necessitate additional staff to identify Just Communities. Moreover, DHCD advises that it has not yet identified any Just Communities under the criteria established in Chapters 147 and 148. In addition, it is assumed that program staff that administer the Community Health and Safety Works Program and the Continuing the CORE Partnership Fund (both of which are within DHCD) can coordinate with DJC with existing resources. However, DLS acknowledges that DHCD requires additional staff for the expanded responsibilities established under the bill for DJC.

Thus, general fund expenditures increase by \$151,629 in fiscal 2026, which accounts for a 90-day start-up delay. This estimate reflects the cost of hiring (1) one grants specialist to identify, secure, and manage any grants identified for Just Communities and (2) one administrator to coordinate and implement other DJC activities. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2.0
Salaries and Fringe Benefits	\$136,891
Operating Expenses	<u>14,738</u>
<b>Total FY 2026 State Expenditures</b>	<b>\$151,629</b>

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. To the extent two additional staff prove insufficient to implement the bill, DHCD may request additional resources through the annual budget process, particularly once it begins designating Just Communities.

The bill requires DJC to, among other things, ensure coordination with activities funded through the Continuing the CORE Partnership Fund and the Community Health and Safety Works Program. DHCD advises that while the Community Health and Safety Works Program is dormant, DHCD still provides oversight and administers previous grants that remain active. DHCD further advises that even though the Continuing the CORE Partnership Fund is not currently capitalized, it anticipates having DJC coordinate with BVRI as that program is the successor to Project CORE, which the fund was designed to support. Accordingly, this analysis assumes that DJC can coordinate its activities with both the Community Health and Safety Works Program and the Continuing the CORE Partnership Fund without additional staff or capitalization for either the program or the fund.

Federal fund (or other grant) revenues (and corresponding expenditures) increase to the extent DJC is successful in securing grants to be used to support the initiatives and programs for Just Communities identified in the bill. Any such increase is speculative.

### **Additional Information**

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

**Designated Cross File:** None.

**Information Source(s):** Maryland Association of County Health Officers; Department of Commerce; Baltimore, Charles, Dorchester, Garrett, and Howard counties; Maryland Association of Counties; City of Laurel; Maryland Municipal League; Town of La Plata; Governor’s Office of Crime Prevention and Policy; Department of Housing and Community Development; Department of State Police; National Bureau of Economic Research; Department of Legislative Services

**Fiscal Note History:** First Reader - February 23, 2025  
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