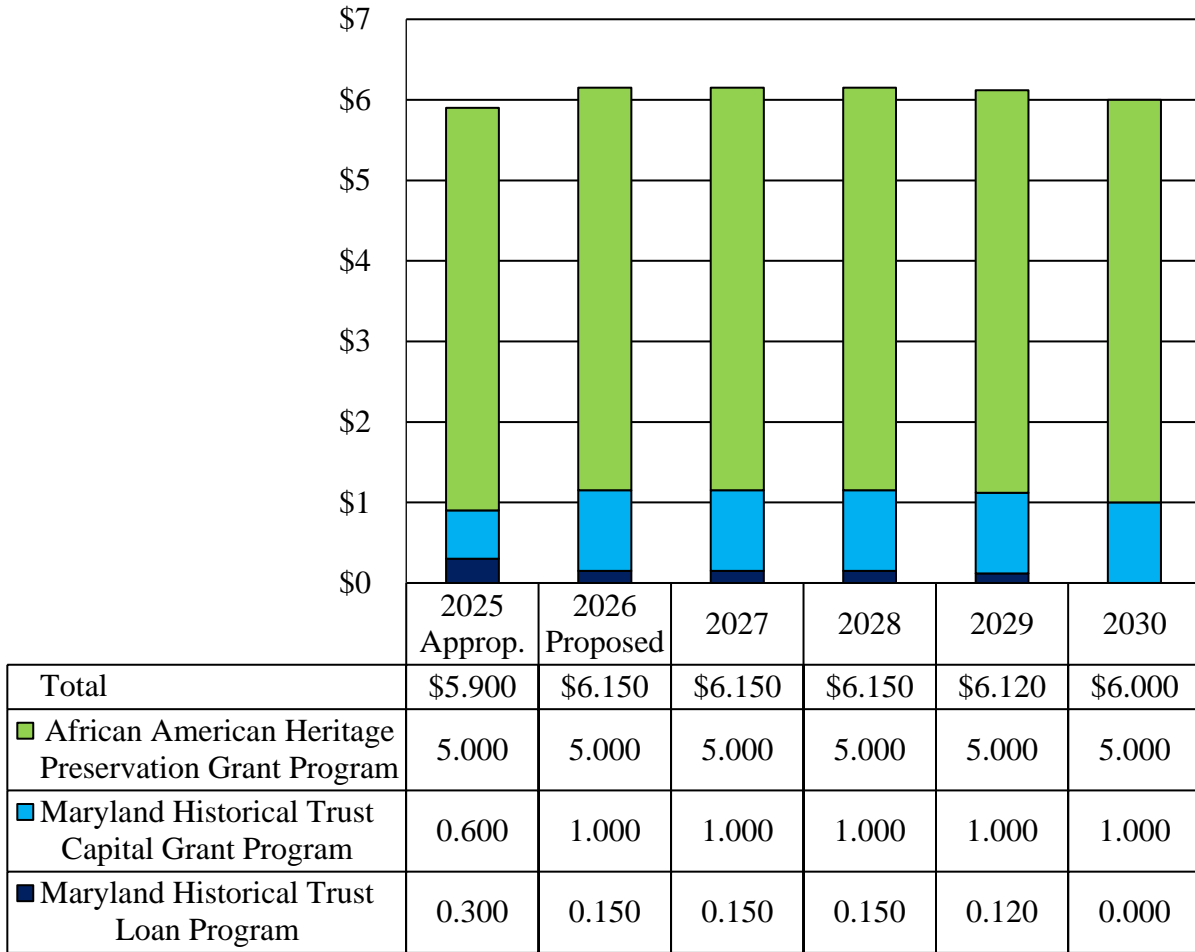


DW00
Department of Planning – Capital

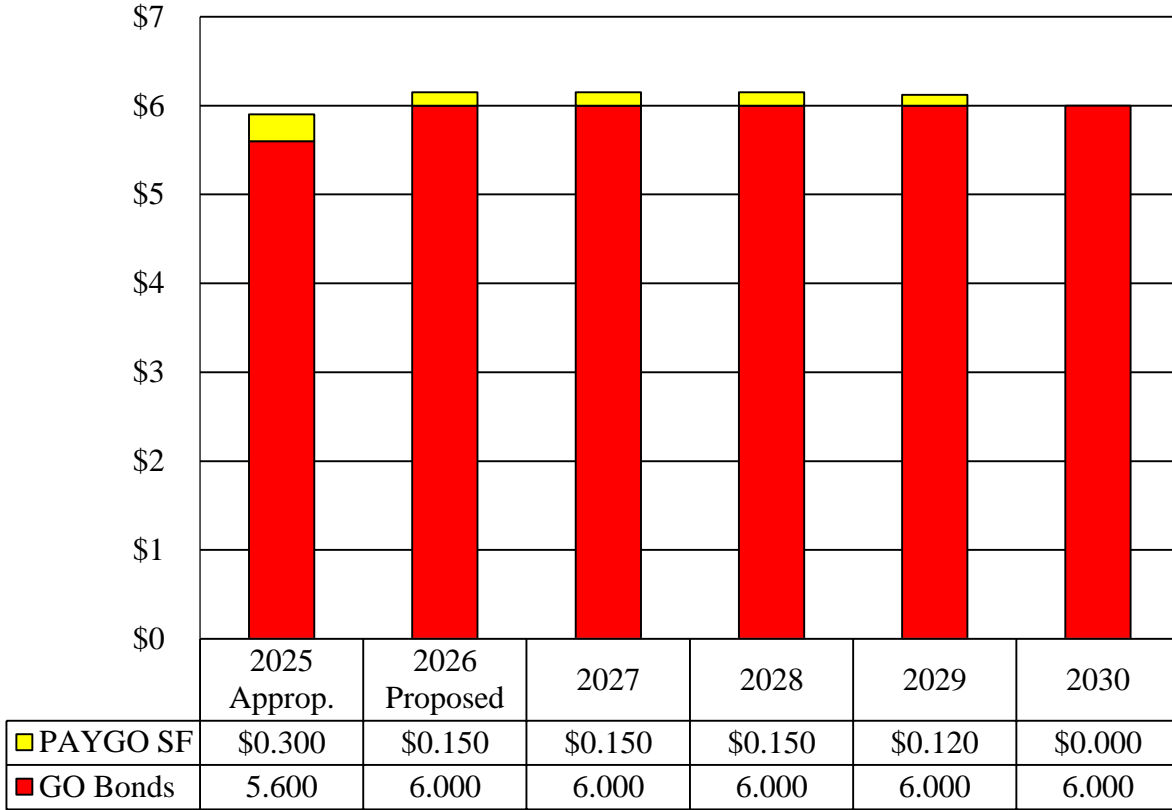
Capital Budget Summary

**2025 Capital Improvement Program
Grant and Loan Programs
(\$ in Millions)**



Source: Department of Budget and Management.

**2025 Capital Improvement Program
Grant and Loan Programs by Fund Source
(\$ in Millions)**



GO: general obligation
 PAYGO: pay-as-you-go
 SF: special funds

Source: Department of Budget and Management.

Key Observations

- ***Grant Programs Working to Expend Older Funds:*** The Maryland Department of Planning’s (MDP) capital grant programs have unexpended funds dating back to calendar 2011. MDP is working with grantees to complete projects and has requested funding extensions for a number of programs.

PAYGO Recommended Actions

1. Concur with Governor’s allowance.

GO Bond Recommended Actions

1. Approve all authorizations and amendments to prior authorizations for the Maryland Department of Planning.

Updates

- ***Funding Authorization Extensions:*** The capital budget bill includes amendments to prior year authorizations, extending the dates by which general obligation (GO) bond authorizations must be spent by two years, to the end of fiscal 2027. The projects and programs and years in which funding was allocated are:
 - St. Leonard’s Creek shoreline project – 2015 and 2016 session authorizations;
 - Historic Preservation Grant Fund – 2017 and 2018 session authorizations; and
 - African American Heritage Preservation Grant Program – 2011 through 2018 session authorizations.

The St. Leonard’s Creek shoreline project will add erosion control measures, a pier, and boardwalks for public access at Jefferson Patterson Park and Museum in Calvert County. MDP reports that the Maryland Department of the Environment (MDE) is reviewing the design for the final phase of the project. Once MDE approves, the project should take about 18 months.

DW00 – Department of Planning – Capital

The grant programs are discussed further in the Budget Overview section of this analysis.

- ***Jefferson Patterson Park and Museum (JPPM):*** This State-owned property in Calvert County was donated to the Maryland Historical Trust (MHT) in calendar 1983 and houses a museum, parkland, historic buildings from several periods of the property's history, and the Maryland Archaeology Conservation Laboratory (MAC Lab).
- ***Asbury House Renovation:*** The 2024 *Capital Improvement Program (CIP)* programmed \$550,000 in GO bonds in fiscal 2027 to design and construct a renovation of the Asbury House, a historic property located at JPPM. Under the terms of the trust agreement under which JPPM's land was donated to MHT, the agency is required to maintain the property. An evaluation of the property revealed the need for a comprehensive rehabilitation in order for the property to be suitable for public rental. The 2025 CIP removes programmed funding for the renovation project. MDP reports that the house will remain vacant until State funds are available for renovation.
- ***Patterson House:*** A renovation for the historic home, which is on the National Register of Historic Places, previously received funding in the capital budget. Construction has been completed, and the house will be open to the public beginning in May 2025. The renovated building will be used for public programming, but MDP notes that limited parking may pose a barrier to hosting large-scale public events.
- ***MAC Lab:*** A project to renovate and expand the MAC Lab at JPPM previously received \$19.9 million in capital funding, which is expected to be sufficient to complete the project. MDP reports that the project is at 60% completion and is expected to be finished by its target date of September 2025, with regular operations ready to restart in spring 2026 after JPPM has had time to bring back archaeological collections that were stored offsite during construction.

Budget Overview of Grant and Loan Programs

The department oversees three capital grant and loan programs: the MHT Loan Program; the MHT Capital Grant Program; and the African American Heritage Preservation Program. These programs work toward the department’s mission of protecting and interpreting historic properties by supporting the nonprofit organizations, local governments, and individuals in preserving historical resources throughout the State. The fiscal 2026 request includes \$150,000 for the MHT Loan Program, \$1 million for the MHT Capital Grant Program, and \$5 million for the African American Heritage Preservation Program.

Maryland Historical Trust Loan Program

Program Description: The MHT Loan Program provides loans to nonprofit organizations, local jurisdictions, business entities, and private individuals for the purpose of acquiring, rehabilitating, or refinancing all categories of real property listed in or eligible for listing in the Maryland Register of Historic Places. The budget provides \$150,000 in special funds for fiscal 2026, which is \$150,000 less than appropriated for fiscal 2025. The CIP also recommends \$150,000 annually for fiscal 2027 and 2028 and \$120,000 for fiscal 2029; these amounts are based on projections of revenues to the fund from loan repayments. The recommendations for fiscal 2026 through 2028 are \$10,000 less than planned in the 2024 CIP, and the recommendation for fiscal 2029 is \$40,000 less than in the 2024 CIP.

The program received and approved one application in each of fiscal 2021, 2023, and 2024 and none in fiscal 2022. The program brings in about \$170,000 in loan repayments annually. MHT also uses about \$54,000 from the fund for administrative costs in each fiscal year. Projected repayments and administrative expenses would leave approximately \$120,000 annually for issuing new loans.

- ***External Fund Transfer:*** Chapter 203 of 2023 authorized MHT to transfer funds to qualifying nonprofit organizations for uses including acquiring and rehabilitating historic properties. The nonprofit organization, Preservation Maryland, applied for and received one transfer of \$300,000 in fiscal 2024, with a plan to use the funding to operate its own loan program. The organization did not apply for an additional transfer in fiscal 2025, but MHT reports that it would be able to apply in future years. The estimated annual revenues to the program will only support up to \$150,000 of annual encumbrances, whether it be through loans or transfers, through fiscal 2029 and as low as \$120,000 by fiscal 2030, unless the fund is appropriated general funds or GO bonds. The Department of Budget and Management has recommended not including GO bonds for recapitalization in the CIP until the impact of Chapter 203 is understood.

Maryland Historical Trust Capital Grant Program

Program Description: The MHT Capital Grant Program provides grants to nonprofit organizations, local jurisdictions, business entities, and individuals to assist with the acquisition, rehabilitation, or restoration of properties listed or eligible for listing on the National Register of Historic Places. Nonprofit organizations and local jurisdictions may also receive funding for predevelopment costs directly associated with a project to rehabilitate or restore historic properties. The fiscal 2026 budget includes \$1 million in GO bond funding, which is \$400,000 more than the prior year. A list of projects that were awarded funding in fiscal 2024 is included in **Appendix 1**.

As shown in **Exhibit 1**, the program has consistently received more applications than MHT has been able to fund.

Exhibit 1
Maryland Historical Trust
Capital Grant Applications and Awards
Fiscal 2020-2024

<u>Year</u>	<u>Funds Requested</u>	<u>Applications Received</u>	<u>Grant Funding Awarded</u>	<u>Requested Funds Awarded</u>	<u>Applicants Assisted</u>
2020	\$2,765,000	42	\$600,000	22%	24%
2021	2,651,500	31	600,000	23%	19%
2022	3,359,750	39	600,000	18%	18%
2023	4,099,081	56	600,000	15%	13%
2024	3,076,215	37	600,000	20%	19%

Source: Department of Budget and Management.

- Funding Authorization Extensions:** The capital budget bill also includes amendments to GO bonds authorized in fiscal 2017 and 2018 to allow MDP to expend those funds through fiscal 2027. Since projects receiving awards sometimes fall through and awards must be rescinded, funds from prior years may become available for MHT to re-award. Projects may also take longer than grantees expected. Unless extended by an Act of the General Assembly, GO bond funds terminate seven years after authorization. The proposed amendments allow MHT additional time to use these funds for the capital grant program. **MDP should comment on the strategies that it uses to ensure the timely execution of projects and the expenditure of State funds.**

African American Heritage Preservation Program

Program Description: The African American Heritage Preservation Program supports local government and nonprofit organizations in identifying and preserving buildings, communities, and sites of historical and cultural importance to the African American experience in Maryland. This competitive grant program is administered by MHT in conjunction with the Maryland Commission on African American History and Culture (MCAAHC). The fiscal 2026 budget includes \$5 million in GO bonds for the program as mandated. **Exhibit 2** shows grant applications and award data for the past several years. The number of applications and amount of funding requested rose notably in fiscal 2024, the first year mandated funding rose from \$1 million to \$5 million.

Exhibit 2 African American Heritage Preservation Program Grant Applications and Awards Fiscal 2021-2025

<u>Year</u>	<u>Funds Requested</u>	<u>Applications Received</u>	<u>Grant Funding Awarded</u>	<u>Requested Funds Awarded</u>	<u>Applicants Assisted</u>
2021	\$3,439,500	42	\$1,000,000	29%	31%
2022	3,386,000	37	1,000,000	30%	35%
2023	4,206,600	49	1,000,000	24%	29%
2024	20,215,992	108	5,000,000	25%	22%
2025	14,283,367	73	5,000,000	35%	42%

Source: Department of Budget and Management.

Chapter 29 of 2022 increased mandated funding for the program to \$5 million annually and eliminated a matching funding requirement. Chapter 29 also increased the maximum per project cap to \$500,000, but MCAAHC made the decision to increase the cap from \$100,000 to \$250,000. MDP reports that these changes have made it possible to fully fund and complete many projects using a single State grant, which has enabled grantees to complete their projects faster and has encouraged more comprehensive rehabilitation projects. MHT is also meeting with grantees individually to help them develop plans to complete their projects and spend their grants. A list of grantees for fiscal 2025 is included in **Appendix 2**.

- Funding Authorization Extension:** As with the MHT Capital Grant program, the capital budget bill contains extensions for the deadline to expend funds previously allocated to the African American Heritage Preservation Program. The funds were appropriated in capital budget bills from calendar 2011 through 2018, and some have already had extensions. As of January 2025, MDP reports that just under \$850,000 in funding remains. **MDP should comment on how the increased funding cap and other program changes have**

DW00 – Department of Planning – Capital

improved grantees’ ability to complete their projects and whether additional program changes, such as raising the per project cap to the statutory limit or reserving 20% of the total grant fund to help meet emergency needs, would make it easier for MDP to assist grantees who require additional grant funds to complete projects and expend funds in a timely manner.

Appendix 1
Historic Preservation Grant and Loan Funded Projects
Fiscal 2024

<u>Project</u>	<u>County</u>	<u>Amount</u>
Cowdensville A.M.E. Church	Baltimore	\$100,000
Allegany County Courthouse	Allegany	85,000
Brookeville Academy	Montgomery	100,000
Nathan House	Dorchester	86,000
Ebenezer A.M.E. Church	Baltimore City	100,000
Brodbeck Hall	Frederick	99,000
Baldwin Hall	Anne Arundel	34,000
Total		\$604,000

Source: Maryland Historical Trust.

Appendix 2
African American Heritage Preservation Grant Funded Projects
Fiscal 2025

<u>Project</u>	<u>County</u>	<u>Amount</u>
Asbury Methodist Church	Anne Arundel	\$193,717
Charles “Hoppy” Adams Jr. House	Anne Arundel	250,000
Frederick Douglass Summer House	Anne Arundel	106,000
Mt. Zion UMC Laurel	Anne Arundel	180,000
The Harlem Theater	Baltimore City	243,000
Cowdensville A.M.E. Church	Baltimore	87,000
Asbury United Methodist Church	Baltimore	186,000
Biscoe Gray Heritage Farm – George Rice House	Calvert	50,000
Brooks Methodist Church	Calvert	77,000
St. Paul Church	Caroline	240,000
Fairview Methodist Episcopal (now United Methodist) Church	Carroll	74,783
Elk Landing Hollingsworth House	Cecil	49,000
Malone Methodist Episcopal Church	Dorchester	250,000
Ebenezer African Methodist Episcopal Church	Frederick	195,000
Asbury Methodist Church	Frederick	36,000
Quinn Chapel AME Church	Frederick	250,000
Catoctin Furnace African American Cemetery	Frederick	150,000
Hosanna School Museum	Harford	225,000
Blandair, Slave Quarters	Howard	250,000
Mt. Gregory United Methodist Church	Howard	236,500
Barksdale Grocery Store and Tavern	Howard	185,000
The Custom House	Kent	232,000
Mander House Museum	Kent	247,000
The Montgomery Chapel Cemetery	Montgomery	10,000
Button Farm Living History Center	Montgomery	106,000
Mt. Nebo AME Church	Prince George’s	50,000
Galilee United Methodist Cemetery	St. Mary’s	24,000
Coulbourne and Jewett House at the Chesapeake Bay Maritime Museum	Talbot	242,000
St. Mark’s Episcopal Church, Lappans	Washington	75,000
Tyree African Methodist Episcopal Church	Worcester	250,000
Freetown Education, Research, and Cultural Museum	Worcester	250,000
Total		\$5,000,000

Source: Maryland Historical Trust.