



February 15, 2022

The Honorable Vanessa Atterbeary
Ways and Means Committee
6 Bladen Street
Room 131
Annapolis, Maryland 21401

The Honorable Paul Pinsky
Education, Health and Environmental Affairs
Committee
11 Bladen Street
2 West
Annapolis, Maryland 21401

Dear Chair Atterbeary, Chair Pinsky and Members of the House Ways and Means Committee and Senate Education, Health and Environmental Affairs Committee:

ICSC, representing more than 1,100 members in Maryland including owners, developers, brokers, tenants, economic development officials and others in the marketplaces industry, writes in support of HB414/SB393. We also propose amendments to improve the usefulness and value of the legislation to stakeholders.

Although HB414 has positive features, there is a threshold question that property owners need to answer to participate in this program. As proposed, commercial real estate owners to waive their rights under a lease, including timely payment, as well as other accounting requirements related to record keeping, access and confession of judgment. **These are non-starters for nearly all commercial real estate owners.**

Further, in order for the program to work smoothly, the decoupling/separation of the two different types of grants is necessary. The *Property Assistance Grant* is essentially a rent subsidy to commercial business owners paid directly from the Department of Housing and Community Development (DHCD) to commercial real estate owners/landlords. The *Business Operations Grant* is for the commercial business owner/tenant only and used for purposes of activities and costs related to sustaining and growing the business, such as staffing. These are fundamentally different programs and should not be under the same application. Commercial real estate owners/landlords should have no reason to sign an application other than for the rent relief grant, and a confessed judgment isn't necessary in the process.

Our members request the following three changes:



1. That grant funds be sent directly to the commercial business tenant, who then submits these, along with their rent payment, directly to the commercial real estate (CRE) owner/landlord, thus speeding up the process. As currently written, the program inadvertently incorporates the same template customary with rental housing. There is an important difference to highlight – unlike rent subsidies to consumers/tenants of rental housing, this proposal is targeted to a substantially different audience: non-residential (business) tenants occupying commercial space in CRE.

Project Restore should be updated via HB414 to direct all funding to the commercial tenant because the funding exclusively benefits him or her. No CRE owner/landlord should be required to be a party to an agreement between the Department of General Services (DGS) and the business owner/tenant.

2. If the suggested changes described above can't be achieved, ICSC asks that all provisions not applicable to commercial real estate/landlords be redacted from the application documents, including allowing for surprise inspections of commercial premises by the state, and that CRE landlords not be obligated to sign for Property Assistance Grants.
3. Commercial tenants whose applications were previously rejected by DHCD because their landlords rejected signing the application should have their applications reconsidered and favorably acted upon. We would be happy to work further with the Committee on this particular issue.

Please feel free to contact me (jhill@icsc.com) or Sushant Sidh (Sushant.sidh@capitol-strategies.com) with any questions.

Sincerely,

Jim Hill

Vice President, State & Local Government Relations
ICSC Office of Global Public Policy

