

DATE: February 23, 2022

BILL NO.: House Bill 414

COMMITTEE: House Committee on Ways and Means

POSITION: SUPPORT

TITLE: Economic Development - Project Restore Program and Fund

SPONSORS: The Speaker, on behalf of the Administration

Description of Bill:

House Bill 414 would codify Project Restore, an economic initiative aimed at providing funds to new and existing businesses to revitalize vacant commercial properties. The bill permanently establishes the Project Restore program within the Department of Housing and Community Development, and creates a special fund to provide capital to the Project Restore program.

Background:

Project Restore was established by the Hogan administration in 2021 in response to the need to help revitalize Maryland communities that had been crippled by the COVID-19 pandemic. The project created two grants that provided investment incentives for Maryland small businesses and commercial developers to revitalize vacant properties. These are, alternatively, Property Assistance grants, which provide up to \$2,500 a month in rental assistance to small businesses for one year (\$30,000), and Business Operations grants, which provide up to \$250,000 per annum to pay for costs of sustaining and growing the business for a maximum of two years depending upon business location; critical expenses such as overhead, capital improvements, marketing, inventory and supplies, and utilities are eligible uses.

Administered by the Department of Housing and Community Development, Project Restore was allotted \$25 million in the last fiscal year by the federal American Rescue Plan Act (ARPA). The Department awarded \$10.8 million in grants in December of 2021; \$3.6 million in rental grants and \$7.2 million in business operations grants were given to 144 recipients. An additional \$15 million in grants has been awarded to 209 projects that have just been announced. Project Restore was met with an enthusiastic response from the public, with more than 800 applications requesting just over \$66 million in funding. This bill would ensure that success continues.

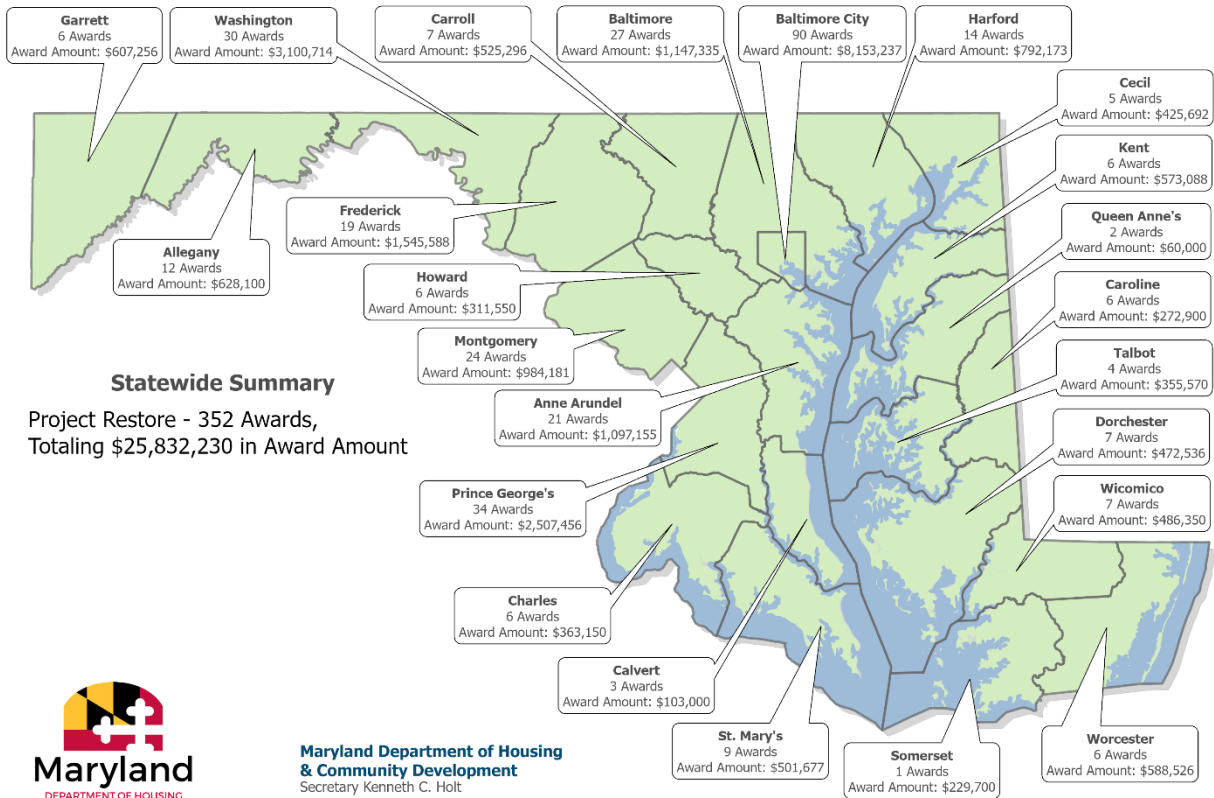
In addition, as the attached map illustrates, all Maryland counties and Baltimore City are benefitting from Project Restore. Governor Hogan allocated another \$25 million to the program in his budget for FY23 to continue this statewide economic impact. The Department has already established the staffing complement for the current \$25 million allocated under ARPA, and foresees keeping the same staff to administer a new Project Restore Program.

Turning Project Restore into a permanent program of the Department would help distribute much-needed funds to augment the revitalization of underserved areas in the State. Expanding the access to capital for local small businesses could benefit local governments via increased tax revenue and restoration of local properties.

DHCD Position:

For these reasons, the Maryland Department of Housing and Community Development requests a **favorable report** on House Bill 414.

**Project Restore
Awards by Jurisdiction: Fiscal Year 2022**



Statewide Summary
Project Restore - 352 Awards,
Totaling \$25,832,230 in Award Amount



Maryland Department of Housing & Community Development
Secretary Kenneth C. Holt
Deputy Secretary Owen McEvoy