

CDN HB414 FAVORABLE.pdf

Uploaded by: Claudia Wilson Randall

Position: FAV



Testimony HB 843
House Ways & Means Committee
February 21, 2022
Position: FAVORABLE

Dear Chairperson Atterbeary and Members of the Ways and Means Committee:

The Community Development Network of Maryland (CDN) is the voice for Maryland's community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland's urban, suburban and rural communities. CDN envisions a state in which all communities are thriving and where people of all incomes have abundant opportunities for themselves and their families.

HB 843 creates a local property tax credit and a State income tax credit for newly constructed residential real property in Allegany, Garrett, and Washington counties. Allegany, Garrett, and Washington counties and municipalities in those counties must grant, by law, a property tax credit of up to \$10,000 against the property tax imposed on an eligible dwelling that is newly constructed residential real property for up to five years if the dwelling meets specified requirements. The State must reimburse the local governments for 50% of the property tax credit as provided in the State budget. A developer of residential real property may apply to the Department of Housing and Community Development (DHCD) for a State income tax credit of \$7,500 if the developer constructs more than 10 middle-income homes in Allegany, Garrett, or Washington counties.

According to the Maryland Housing Needs Assessment completed in 2021, Western Maryland's lack of market-rate rental housing—designed for households earning the region's median income or higher—is a significant barrier to economic development. Many households in Western Maryland look for rental homes when they first move to the region, but find limited supply, making it difficult to attract and retain workers.

Homes in Western Maryland have some of the lowest rents and home prices in the state, although 14 percent of households still live below the poverty line (mirrored in significantly lower household income relative to the state). More than 60 percent of housing units in Western Maryland were built before 1980 compared with 55 percent statewide.

A state income tax credit for newly constructed residential real property in Allegany, Garrett, and Washington counties is a significant step toward.

We ask your favorable report for HB 843.

Submitted by Claudia Wilson Randall, Executive Director, Community Development Network

HB414 - Economic Development - Project Restore Pro

Uploaded by: Dakota Matthews

Position: FAV



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Charlotte Davis, Executive Director

John Hartline, Chair

Testimony in Support of
House Bill 414 - Economic Development - Project Restore Program and Fund
House Ways and Means Committee
February 23, 2022

The Rural Maryland Council supports House Bill 414 - Economic Development - Project Restore Program and Fund. This bill helps revitalize communities across the state of Maryland while also incentivizing the growth of small businesses. The bill will accomplish this by awarding rental grants of \$2,500 a month for no longer than 12 months, and business operation grants of no more than \$250,000 for a 12-month period to small businesses and commercial developers that locate in vacant properties. Additionally, these businesses must have less than 50 employees, further promoting the growth of small businesses.

By incentivizing businesses to come into these vacant areas, it is promoting small businesses, creating jobs, and creating vibrant communities. As we recover from the pandemic, many business owners are cautious to move locations or expand to new areas. Many small businesses were forced to close during the lockdown and were never able to financially recover, leading to their permanent closure. Additionally, many individuals became more comfortable with ordering products online that come from out of the State. Project Restore will give an incentive to these businesses to locate in vacant properties that are negatively impacting the value of communities across the State. When communities lose the businesses that make up the main streets and downtowns, the area loses value and desirability. This causes new homeowners and new businesses to locate elsewhere, and consequently the jobs and resources as well.

Rural areas and other underserved areas are hit the hardest by these vacancies. For example, the National Association of Realtors lists the Cumberland area as having a vacancy rate of 6.2% as of October 2021, while the national average is 4.8%. Rural communities are slower to recover from economic tragedies, making it necessary to make sure all of Maryland can recover from this pandemic properly.

The Rural Maryland Council respectfully requests your favorable support of House Bill 414.

The Rural Maryland Council (RMC) is an independent state agency governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county and municipal governments, as well as the for-profit and nonprofit sectors. We bring together federal, state, county and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.

“A Collective Voice for Rural Maryland”

HB0414- 02.23.22 -- Economic Development - Projec

Uploaded by: Donald Fry

Position: FAV



POSITION STATEMENT

TESTIMONY PRESENTED TO THE HOUSE WAYS AND MEANS COMMITTEE

**HOUSE BILL 414 – ECONOMIC DEVELOPMENT –
PROJECT RESTORE PROGRAM AND FUND
Sponsor – The Speaker (By Request – Administration, et al)**

February 23, 2022

**DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE**

Position: Support

House Bill 414 establishes the Project Restore Program within the Department of Housing and Community Development to provide financial incentives in the form of rental grants and business operations grants for small businesses and commercial developers to revitalize vacant retail and commercial space. In order to be eligible for a grant, a business must open in or expand to a space that has been vacant for at least 6 months. In addition, the business must have 50 or fewer employees.

Rental grants of up to \$2500 a month for up to 12 months can be used to pay rent, a mortgage, or property taxes. Qualified businesses are also eligible for business operation grants for the amount of sales and use tax collected by the business and paid to the state. The operations grant can be used for staff costs, capital improvements, and other regular business expenses. The grant cannot be used for executive pay or bonuses. The operations grant may not exceed \$250,000 a year. A business located in a Tier 1 area or a Main Street Maryland Community is eligible to receive the grant for two years; all other qualified businesses are eligible for one year.

The GBC supports House Bill 414 because it addresses two issues facing our communities: vacant buildings causing blight and increasing public safety issues, and assisting small businesses as they try to open or grow in these difficult economic times. The grants provided under House Bill 414 will encourage business owners to locate in areas that may need some assistance in filling retail and business locations.

This bill is consistent with a key tenet in *Gaining a Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, a report published by the GBC that identifies eight core pillars for a competitive business environment and job growth.

Strategic and effective state investments in business growth. *The state must commit to substantive strategic investments, leveraged with capital assets, to nurture business and job growth. Investments should include competitive and effective tax credits, business development incentives, and tactical initiatives to nurture private investment in industry growth.*

House Bill 414 creates a valuable tool that enables small business owners to partner with the state to rebuild and strengthen their communities. As such, the GBC respectfully requests that the Ways and Means Committee give House Bill 414 a favorable report.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 67-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.

GREATER BALTIMORE COMMITTEE

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(410) 727-2820 • www.gbc.org

HB 414_DHCD_SUP.pdf

Uploaded by: Hunter Pickels

Position: FAV

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.

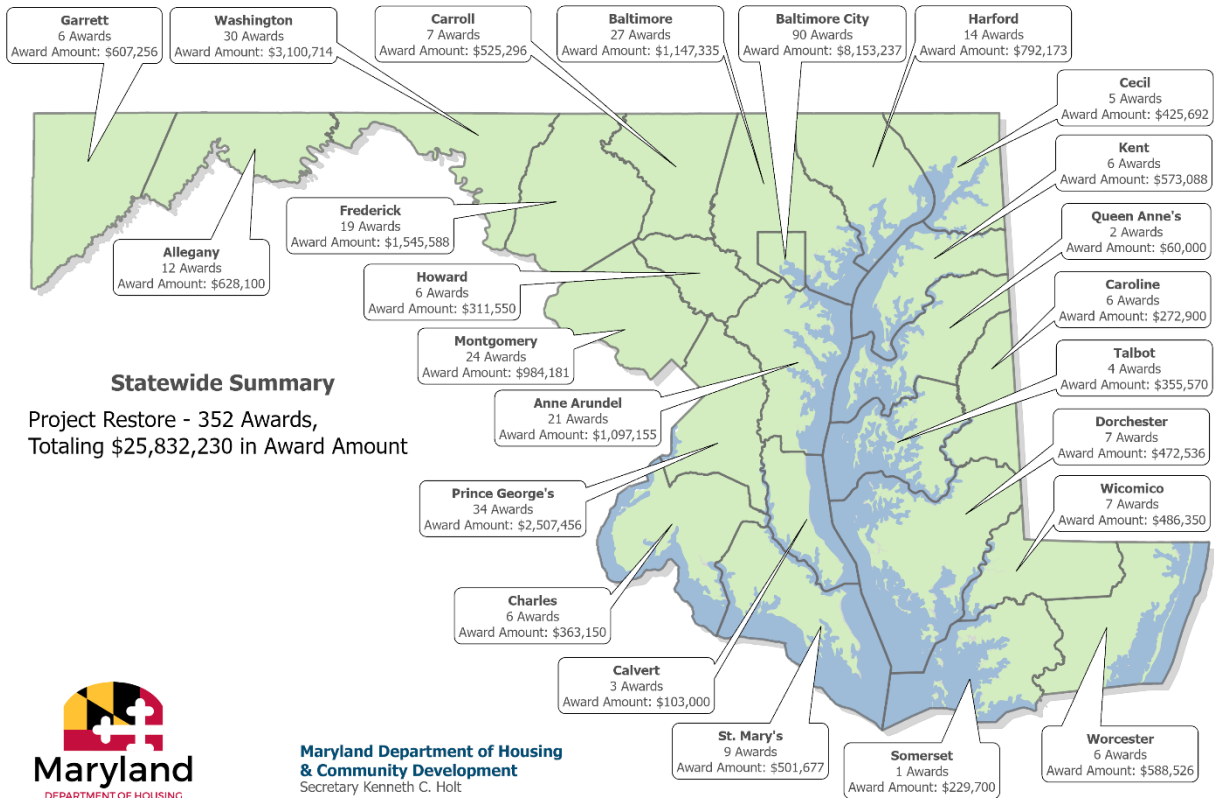
In addition, as the attached map illustrates, all Maryland counties and Baltimore City are benefitting from Project Restore. Governor Hogan allocated another \$25 million to the program in his budget for FY23 to continue this statewide economic impact. The Department has already established the staffing 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**



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

HB 414 - Project Restore Program and Fund.pdf

Uploaded by: Keiffer Mitchell

Position: FAV



LARRY HOGAN
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TTY USERS CALL VIA MD RELAY

House Bill 414 - Economic Development - Project Restore Program and Fund

Position: Favorable

February 23, 2022

Keiffer J. Mitchell, Jr., Chief Legislative Officer

Jake Whitaker, Deputy Legislative Officer

Dear Chair Atterbeary, Vice Chair Washington, and Members of the Committee,

We respectfully submit this letter of support for House Bill 414 - Economic Development - Project Restore Program and Fund.

Since taking office, Governor Hogan has remained committed to increasing economic growth and expanding job opportunities for all Marylanders. In June 2021, Governor Hogan announced Project Restore, which provided \$25 million in financial incentives for small businesses and commercial developers to revitalize vacant retail and commercial spaces. House Bill (HB) 414 is another important step towards that goal by establishing a permanent Project Restore Program and Fund to assist businesses in areas that need it the most.

The Project Restore Program and Fund will provide grants to help offset startup costs and incentivize commercial investment in vacant spaces, as well as in vulnerable and underserved communities. Businesses that begin new or expanded operations in spaces that have not been generating sales tax receipts for the past six months or more will be eligible for program funding. Specifically, businesses must open or expand in a retail or commercial space that has been vacant at least six continuous months prior to the date of lease for the business space or commencement of rehab of the formerly vacant space.

The Project Restore Program and Fund provides relief for businesses by offering two grants, the Property Assistance Grant and the Business Operations Grant. The Property Assistance Grant provides businesses with up to \$2,500 a month (\$30,000 a year) for up to one year for monthly rent payments. The Business Operations Grant provides up to \$250,000 a year for up to two years to businesses to support their operations.

Project Restore has already provided relief to Maryland businesses, including during the COVID-19 pandemic when they have needed it the most. This program has helped with the revitalization of vacant retail and commercial properties and proved critical to increasing economic activity in underserved communities. HB 414 will ensure that the Project Restore Program and Fund will continue to spur economic activity across the state and create high paying jobs for Marylanders for years to come.

For the aforementioned reasons, we respectfully request a favorable report on HB 414.

HB0414-WM-FAV.pdf

Uploaded by: Natasha Mehu

Position: FAV



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

HB 414

February 23, 2022

TO: Members of the House Ways and Means Committee

FROM: Natasha Mehu, Director, Office of Government Relations

RE: House Bill 414 – Economic Development – Project Restore Program & Fund

POSITION: SUPPORT

Chair Atterbeary, Vice Chair Washington, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** House Bill (HB) 414.

In June 2021, the Maryland Department of Housing & Community Development (DHCD) launched the \$25 million emergency recovery initiative known as Project Restore.¹ This initiative incentivized small businesses and commercial developers to revitalize vacant retail and commercial space. The rental grants and sales tax rebates offered by DHCD offset startup costs and incentivized commercial investment in vacant spaces that had not generated sales tax receipts for six months. HB 414 will make this initiative permanent by establishing the Project Restore Program & Fund within DHCD.

More than 800 applications came into DHCD from across the State, requesting a total of over \$75 million.² In December 2021, the Governor announced the first round of awardees – 144 businesses in 23 of the State’s jurisdictions.³ Small businesses can qualify for rental subsidies of \$2,500 per month for 12 months to offset startup costs during their first year – a value of up to

¹ N.A. (28 Jun. 2021). “Governor Hogan Announces \$25 Million Initiative to Revitalize Downtowns & Main Streets.” *The Maryland Department of Housing & Community Development*. Retrieved 18 Feb. 2022 from: <https://news.maryland.gov/dhcd/2021/06/28/governor-hogan-announces-25-million-initiative-to-revitalize-downtowns-and-main-streets/>.

² N.A. (Dec. 2021). “Governor Hogan Announces \$10.8 Million in Project Restore Awards to 144 Businesses.” *The Office of Governor Larry Hogan*. Retrieved 18 Feb. 2022 from: <https://governor.maryland.gov/2021/12/20/governor-hogan-announces-10-8-million-in-project-restore-awards-to-144-businesses/>.

³ Ibid.

\$30,000.⁴ Under the Program, businesses can qualify for sales tax relief rebates equal to their sales tax receipts for the 12-month period – up to \$250,000.⁵

In the program's first year, awards were made to 30 Baltimore City businesses. Nearly half of the City awards are supporting businesses located in a City Main Street or commercial corridor that is part of a larger revitalization strategy. Significantly for Baltimore City, DHCD has tiered eligibility along with the More Jobs for Marylanders model, which places Baltimore City, Baltimore County, Prince George's County, the three Western Panhandle counties, and seven Eastern Shore counties in Tier 1. Companies in these jurisdictions can receive the sales tax relief rebate for two years of operation, rather than one. This renders a value of up to \$500,000.⁶

The retail industry has long faced challenges from e-commerce, and the COVID-19 pandemic accelerated this trend.⁷ The City's economic development agency, the Baltimore Development Corporation (BDC), has developed a strategy to make it easier for companies to invest and operate Downtown and in the City's many neighborhoods. Project Restore has brought much-needed reinforcements to these efforts.

Additionally, continuing Project Restore would create new and critically needed opportunities for public-private partnerships that are critical to the Administration's plan to substantially reduce vacant buildings. A recent analysis identified 600 vacant buildings throughout the City's nine Main Street Districts. 75 percent of these vacant buildings are privately owned and located in communities where additional investment is underway and can be leveraged. There are over 100 additional privately-owned vacant properties throughout the City's commercial corridors. Private-public partnerships to attract a more diverse product mix are underway in many of these areas but are hampered by the lingering and long-term effects of COVID including unpredictable materials pricing. Project Restore would provide a much-needed shot in the arm to attract new businesses, goods, and services. Residential redevelopment underway in or near most of these areas would further bolster Project Core recipients by providing a steady customer base.

We believe that the permanent establishment of the Project Restore Project & Fund will greatly benefit Maryland communities, particularly those in urban, suburban, and rural areas hardest hit by years of disinvestment.

For the above reasons, the BCA respectfully requests a **favorable** report on HB 414.

⁴ N.A. (n.d.). "Notice of Funding Availability: Project Restore." *The Maryland Department of Housing & Community Development*. Retrieved 18 Feb. 2022 from: <https://dhcd.maryland.gov/Pages/ProjectRestore/NOFA.aspx>.

⁵ Ibid.

⁶ Ibid.

⁷ N.A. (2021). "Baltimore Together: A Platform for Inclusive Prosperity." *The Baltimore Development Corporation*. Retrieved 18 Feb. 2022 from: <https://www.baltimoretogether.com/>.

February 22 HB0414 -- Economic Development - Proje

Uploaded by: Brian Levine

Position: FWA



House Bill 414 -- *Economic Development - Project Restore Program and Fund*
House Ways and Means Committee
February 23, 2022
Support with Amendments

The Montgomery County Chamber of Commerce (MCCC), the voice of business in Metro Maryland, supports with amendments House Bill 414 -- *Economic Development - Project Restore Program and Fund*. This bill creates the Project Restore Fund at the Maryland Department of Housing and Community Development (DHCD).

MCCC supports the intent of this bill, which it to provide financial incentives for small businesses and commercial developers to revitalize vacant retail and commercial space. Of primary concern, there is a threshold question that a property owner needs to answer if they want to participate in this program. It requires the commercial real estate owner to waive rights under the Lease, including timely payment, as well as other accounting requirements regarding record keeping, access requirements, and confession of judgment. These are non-starters for nearly every commercial real estate owner.

Further, in order to allow 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 DHCD to commercial real estate owners/landlords. The *Business Operations Grant* on the other hand is for the commercial business owners/tenants 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 is not necessary in the process.

To that end, we ask the following three changes be made:

1. Have the grant funds sent directly to the commercial business owner/tenant, who then submits along with their rent payment directly to the commercial real estate owner/landlord. This removes the commercial real estate owner/landlord from the process and speeds up the process. It is useful to understand that unlike in the realm of rent subsidies to consumers/tenants of rental housing, this program is targeted to a substantially different target audience - commercial business owners occupying commercial space in commercial real estate and that as such the program has inadvertently adopted the same template customary with rental housing. Senate Bill 414 should be amended to direct all funding to the commercial business owner/tenant because the funding exclusively benefits the business owner/tenant and thus no commercial real estate owner/landlords should be required to be a party to an agreement between the Department of General Services and the business owner/tenant.

Brian Levine / Vice President of Government Affairs
Montgomery County Chamber of Commerce
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2. If the above cannot be achieved, MCCC asks that all provisions that should not be 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 commercial real estate 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.

For these reasons, the Montgomery County Chamber of Commerce supports House Bill 414 and respectfully requests a favorable report with amendments.

The Montgomery County Chamber of Commerce, on behalf of our nearly 500 members, advocates for growth in business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and a proud Montgomery County Green Certified Business.

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Final draft ICSC Letter In Support of MD HB414 2.1

Uploaded by: Mickey Papillon

Position: FWA



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

