



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
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Annapolis, Maryland 21401*

HB0599

February 20, 2024

TO: Members of the Environment and Transportation Committee

FROM: Mayor Brandon M. Scott, City of Baltimore

RE: House Bill 599 – Maryland Community Investment Corporation – Establishment
Housing and Community Development Financing Act of 2024

POSITION: Support

Chair Korman, Vice Chair Boyce, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** House Bill (HB) 599

HB 599 would unlock new tools to strengthen Maryland communities and address the ongoing housing crisis by establishing the Maryland Community Investment Corporation (MCIC) and making alterations to the Strategic Demolition and Smart Growth Impact Fund.

BCA supports the expansion of the use of the strategic Demolition and Smart Growth Impact Fund to include debt payments and credit enhancements, which would be particularly impactful in Baltimore’s long disinvested neighborhoods that are the focus of current revitalization efforts. The purpose of the Fund is to provide grants and loans to assist in predevelopment activities, including interior and exterior demolition, land assembly, architecture and engineering and site development. By expanding the fund to include debt financing Maryland Department of Housing and Community Development (DHCD) will be able to increase its funding for acquisition, demolition, infrastructure and stabilization efforts. In FY24, the Fund budget is \$25M (\$5M for statewide, and \$20M for Project CORE in Baltimore City).

- **Acquisition:** As of December 11, 2023, the City only owns 6.6% of all registered vacant buildings in the City. The City has committed to using significant local dollars to continue to acquire and rehab vacant properties.
- **Demolition:** Vacant properties that have reached their useful life will be strategically demolished. These decisions will be made in partnership with our neighbors in these communities through Baltimore City’s DHCD’s block-level planning process.
- **Infrastructure:** Investing in vacant homes is not enough. The City must invest in the streets, sidewalks, and basic amenities of these neighborhoods in order to create thriving communities.

- **Stabilization:** Baltimore City’s DHCD is able to do significant rehabilitation to vacant properties like replacing roofs and porches, particularly those that are at risk of harming occupied properties. These stabilization investments get properties rehabilitation ready as they go through the Acquisition and Developer Incentive pipeline.

Mayor Brandon M. Scott is poised to make the largest investment ever into Baltimore’s disadvantaged neighborhoods. In late 2023, the Scott Administration announced a comprehensive vacant housing reduction strategy which will include the issuance of non-contiguous TIF Bonds, revival of the Industrial Development Authority and working with BUILD and the GBC to raise \$300 million from private investors and the philanthropic community. HB 599 would aide efforts already underway to support development in targeted areas of the City, some of which align with our focus areas.

- The City will issue non-contiguous TIF bonds in tranches using vacant houses across the City. If successful, these TIFs are expected to generate at least \$150 million over 15 years. This “Uptown TIF” will be the first time that a TIF has been used in this way in any City in the U.S.
- By resurrecting the dormant IDA, the City will be able to borrow an additional \$150 million that will be repaid by the economic activity generated by restored vacant properties. The IDA was created in the 1980s to help finance the redevelopment of our waterfront, now it will be used to redevelop our neighborhoods.
- The City, alongside GBC and BUILD will generate private and philanthropic investment to help rehab vacant homes, expand homeownership counseling, increase our homeowner repair grants program, and spur economic growth in our neighborhoods.

BCA is committed to working with the Governor and his Administration to continue to address Maryland’s housing crisis by unlocking new tools to promote affordable residential development. Expanding the eligible uses of the Strategic Demolition and Smart Growth Impact Fund to include grants and loans for debt payments and for credit enhancement for certain projects would provide Baltimore City and community development organizations additional ways to promote development. The benefits of this Bill will be seen on the ground in communities already targeted for investment in East Baltimore, West Baltimore, South Baltimore and Park Heights.

HB 538 represents a targeted approach that will be particularly helpful in low-income communities, projects in sustainable communities or opportunity zones and neighborhoods primed for revitalization. A number of key components of the legislation will enhance or expand acquisition, demolition and stabilization efforts that are so desperately needed to create affordable housing opportunities for Baltimore families.

For these reasons, the BCA respectfully request a **favorable** report on HB 599.