



Testimony HB 599
House Environmental and Transportation Committee
February 20, 2024
Position: FAVORABLE

Dear Chairman Korman and Members of the Environment and Transportation 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 599 - This legislation would set up a Community Development Entity (CDE) – the Maryland Community Investment Corporation to make investments in low-income communities; requiring the Corporation to apply for an allocation of federal new markets tax credits and 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 projects.

A CDE is a corporation or partnership that is an intermediary vehicle for the provision of loans, investments, or financial counseling in Low-Income Communities (LICs). Benefits of being certified as a CDE include being able to apply to the CDFI Fund to receive a New Markets Tax Credit (NMTC) allocation to offer its investors in exchange for equity investments in the CDE and/or its subsidiaries; or to receive loans or investments from other CDEs that have received NMTC allocations.

By some estimates, the City of Baltimore would require \$2.5 billion in order to address vacant property throughout the city. After more than 60 years of disinvestment, it will take \$125 million per year for the next 25 years to address the cities’ vacant housing crisis.¹ Meanwhile the cost of maintaining vacants is more than \$100 million per year and the lost tax revenue is estimated at least \$100 million per year.²

¹ https://rebuildmetro.com/wp-content/uploads/2023/02/ReBUILD-Metro_Whole-Blocks-Exec-Summ.pdf

² . <https://abell.org/publication/the-costs-of-baltimores-vacant-housing/#:~:text=In%20The%20Costs%20of%20Baltimore's,million%20in%20annual%20public%20expenses.>

A Maryland CDE would make it significantly easier to raise capital for Baltimore City and other areas of the state that need high amounts capital in order to reverse decades of disinvestment.

New Markets Tax Credits were designed to increase the flow of private sector capital to businesses, nonprofits, community facilities, and other important projects in the poorest communities in the U.S. Maryland has been missing out on the full power of these investments because without a public entity that can complete these transactions, the cost is very high. This entity can put that capital to work, financing everything from building homeownership to health clinics and childcare centers.

We urge your favorable report for HB 599.

Submitted by Claudia Wilson Randall, Executive Director