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DATE: March 19, 2024
BILL NO.: Senate Bill 418
TITLE: Seed Community Development Anchor Institution Fund – Alterations
COMMITTEE: House Environment and Transportation Committee

Letter of Support

Description of Bill:

Senate Bill 418 makes technical changes to the Seed Community Development Anchor Institution Fund. The proposed legislation provides consistency with other State Revitalization Programs and improves program administration and efficacy. Specific changes proposed in the bill include:

1. Expanding geographic targeting to include designated Sustainable Community areas of the State
2. Expanding the definition of eligible applicants to include hospital and university foundations, affiliates, and departments.
3. Eliminating private matching funds requirement

Background and Analysis:

The Seed Community Development Anchor Institution Fund was established by HB 1400 in the 2016 legislative session. The purpose of the Fund is to provide grants and loans to anchor institutions for community development projects in “blighted areas of the state” that need reinvestment. The program has been successful in building partnerships with anchor institutions – defined as hospitals and institutions of higher education – to support community development projects. However, there are requirements in the current statute that may present barriers for some projects and make the program difficult to administer.

Expanding the definition of eligible geography to include designated Sustainable Communities would give the program more flexibility to support community development projects statewide, consistent with other Maryland State Revitalization Programs (SRP). It would also allow Seed to be used more effectively for community development projects in suburban and rural communities

Expanding the definition of eligible applicants to include hospital and university affiliates and subsidiaries will ease administration for applicants. These foundations and affiliate organizations are the ones who are traditionally tasked with the application and management of grants, rather than the institution itself.

A third area of concern is the private matching funds requirement. This represents a barrier for many institutional applicants that receive most of their support from local, state, and federal programs, rather than private sources. For this reason, it is proposed that the private matching funds requirement be eliminated. Applicants would continue to be required to demonstrate matching funds, but this change grants them greater flexibility by allowing the source of matching funds to be either private or public.

DHCD Position

The Department of Housing and Community Development respectfully requests a **favorable** report on SB 418.

