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**DATE:** February 17, 2026

**BILL NO.:** Senate Bill 47

**TITLE:** Housing and Community Development - Neighborhood Business Development Program - Local Approval Requirement

**COMMITTEE:** Senate Education, Energy & the Environment Committee

### Letter of Support

#### **Description of Bill:**

Senate Bill 47 alters the local government approval request requirement for financial assistance issued through the Neighborhood Business Development Program, commonly known as the Neighborhood BusinessWorks program. In the 30 years since the program's establishment, DHCD has records of only two instances of a denial by a local jurisdiction, both for reasons that would have disqualified the project from funding during the application assessment process. However, this requirement adds up to 45 days to the program's approval processes and deployment of capital, often placing a burden on small businesses in need of timely assistance.

#### **Background and Analysis:**

The Neighborhood BusinessWorks (NBW) program is a powerful and nimble tool that supports Maryland small businesses by providing financial assistance through loans, grants, and credit enhancements such as loss guarantees. The most common usages of the program are loans of up to \$5 million and grants. Most recently, the program was used to create the NourishMD Fresh Food Grant Program, which provides grants of up to \$150,000 to small businesses and nonprofits that sell fresh produce and other healthy foods in food deserts.

The local approval requirement is uncommon among state grant and loan programs. Per Housing and Community Development 6-305(C)(3), the Department may move ahead with the financial assistance if the local government does not respond within 45 days. In the vast majority of cases, funding is provided without a response from the local government. As stated above, in the 30-year history of the program, we have records of only two denials: one due to an outstanding tax lien and the other due to zoning that disallowed the project. In both cases, the local approval request was sent at the beginning of the application analysis process, and these issues would have resulted in a denied program application regardless of local response.

It should be noted that even without this requirement, local support is necessary in most cases by default, as local approvals are needed for building permits, zoning variances, or other licenses to the borrower. The issue with this requirement is the timeline. The Neighborhood BusinessWorks program is primarily funded with General Obligation Bond (GO Bond) revenue, which requires Board of Public Works (BPW) approval before any funds can be deployed. Per BPW rules, this often adds 30 days at a minimum to the process before closing documents can be finalized and signed. Together with the 45-day wait period, up to 75 days or more are added to the typical underwriting timeline. Combined with the wait time to encumber and deploy funds, this process often totals 150 days or more.



While this program is not solely intended to address the need for rapid deployment of capital, the aforementioned delays prove to be very problematic for many borrowers and grant recipients, given the demands and challenges of operating a small business. For comparison, conventional small business loans typically take one to four weeks to intake and finalize. Other government loans, such as those offered or secured by the Small Business Administration (SBA), often take 60-90 days.

**DHCD Position**

The Maryland Department of Housing and Community Development respectfully requests a **favorable** report on Senate Bill 47.

