To: Sustainable Growth Commission

From: Derick Berlage, Chairman, Concentrating Growth Workgroup

Subj: Update on Workgroup Recommendations

Date: January 24, 2013

Here is a report on the work of our Workgroup's four committees:

Financing Smart Growth

Attached please find a comprehensive set of recommendations on this topic. We look forward to your feedback.

Smart Growth Report Card

Attached please find a new approach to this topic. The initiative has been re-named as a "status check." Chairman Laria has asked that the first status check by released at the Awards Ceremony, if possible. We will explain the new approach and solicit your feedback.

Streamlining the Development Approval Process in Smart Growth Locations

The Committee will be meeting with Prince George's County officials later this month to discuss a pilot regulatory streamlining project in that county.

Rural Growth Issues

This committee has had difficulty completing its work because of the group's small membership. The committee chairman has asked that we expand the membership and new participants are being solicited.

Sustainable Maryland 2.0

Financing Smart Growth

Recommendations to the Sustainable Growth Commission

By its Concentrating Growth Workgroup

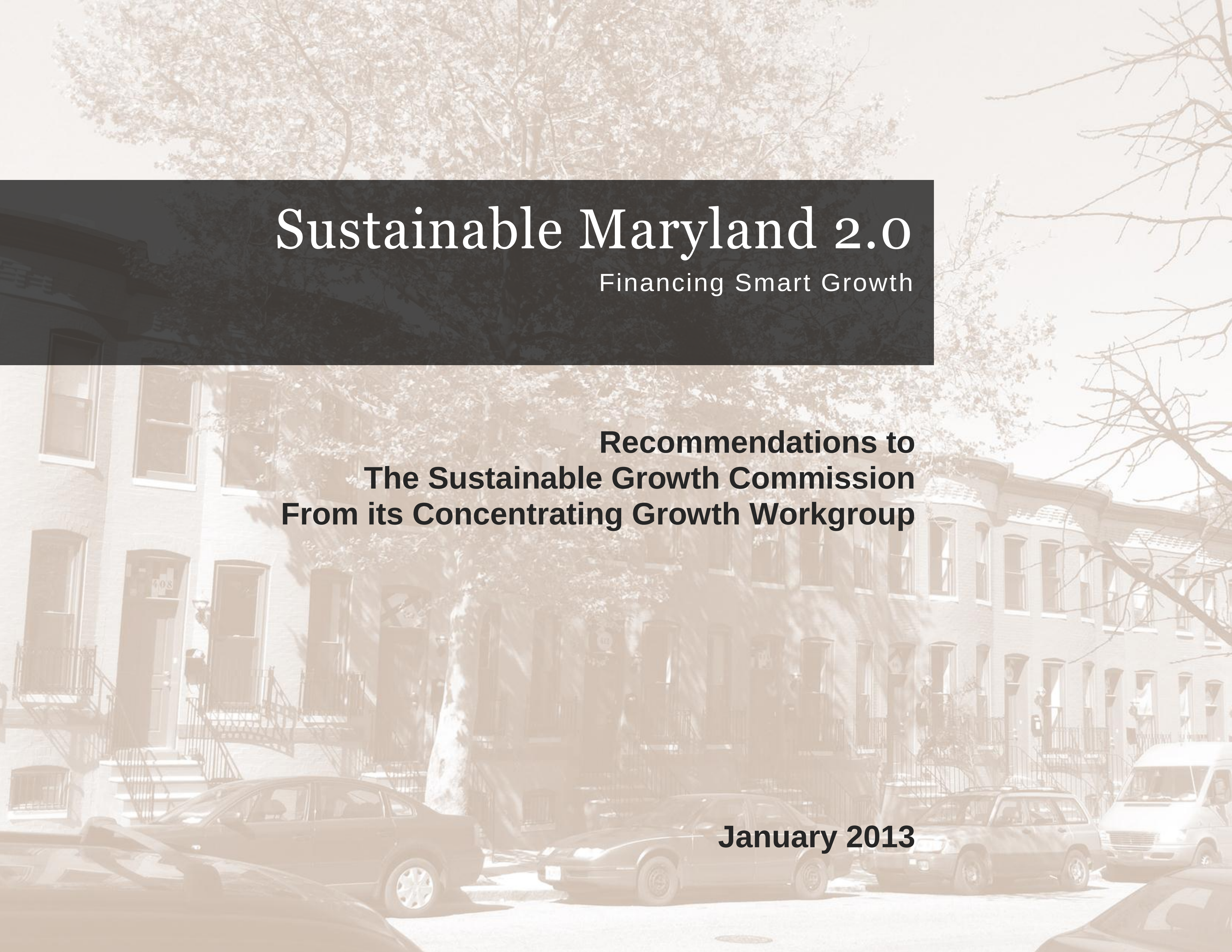
January 2013

ON THE COVER:

Recently renovated row homes in the historic Greenmount West neighborhood of central Baltimore, by developer TRF Development Partners.

SPECIAL THANKS:

Special thanks to Kevin Baynes, John Papagni, Mary Kendall, and Olivia Ceccarelli of the Maryland Department of Housing and Community Development for their work in conducting research for and writing the report. And, special thanks to Matthew Arozian of ENC Strategy for volunteering graphic design support.



Sustainable Maryland 2.0

Financing Smart Growth

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The Sustainable Growth Commission
From its Concentrating Growth Workgroup**

January 2013

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Executive Summary

EXECUTIVE SUMMARY

In January of 2010, the Revitalization Incentives Workgroup of the Task Force on the Future for Growth and Development in Maryland issued the report, "Sustainable Maryland: Accelerating Investment in the Revitalization and Livability of Maryland's Neighborhoods." In summary, the 2010 report identified four overarching goals for reinvestment in Maryland's existing and historic neighborhoods as follows (and Appendix A is a summary of the additional recommendations):

Goal 1: Attract and sustain private investment in revitalization areas and projects.

Goal 2: Preserve the authentic "sense of place" and historic character of Maryland communities.

Goal 3: Advance green and sustainable development practices in tandem with revitalization investment.

Goal 4: Connect Maryland families to economic opportunity in improving communities.

The Task Force has since evolved into the Sustainable Growth Commission which asked its Concentrating Growth Workgroup (the Workgroup) for an update on the status of the 2010 report recommendations as well as identification of next-step priorities for financing Smart Growth moving forward. *The purpose of the Workgroup's report is to recommend specific next steps for enhancing and expanding public-private partnerships and the financing available for the revitalization and redevelopment of Maryland's existing communities.*

There has been significant progress in the two years since the 2010 recommendations were issued, including:

- Legislative enhancement of and budgetary support for such place-based revitalization programs such as Community Legacy, Neighborhood BusinessWorks, Community Investment Tax Credits and the Maryland Sustainable Communities Rehabilitation Tax Credit Program.
- Creation and implementation of the *Sustainable Community Area* designation in 2010 to renew and align State and local investment in local revitalization priorities. So far, 27 communities have refined their revitalization target areas and strategies through SC designation.
- Relaunching of the *Local Government Infrastructure Finance* program (LGIF) which had been stymied for two years by turbulence in the bond markets. Under the enhanced LGIF program, since 2010, local infrastructure projects totalling $75.9 million have been financed.
- Establishment of the *Maryland Housing Counseling Fund*, a sustainable funding source for nonprofit housing counseling agencies that are working to stabilize homeownership and, therefore, neighborhoods affected by the foreclosure crisis. More than $10 million has been granted to nonprofits since 2010.

- Establishment in the FY13 budget of $2.5 million for a new *Strategic Demolition and Smart Growth Impact Fund* to support high impact redevelopment projects in Sustainable Community areas, and renewed funding in the Governor's proposed FY14 budget at $7.5 million.

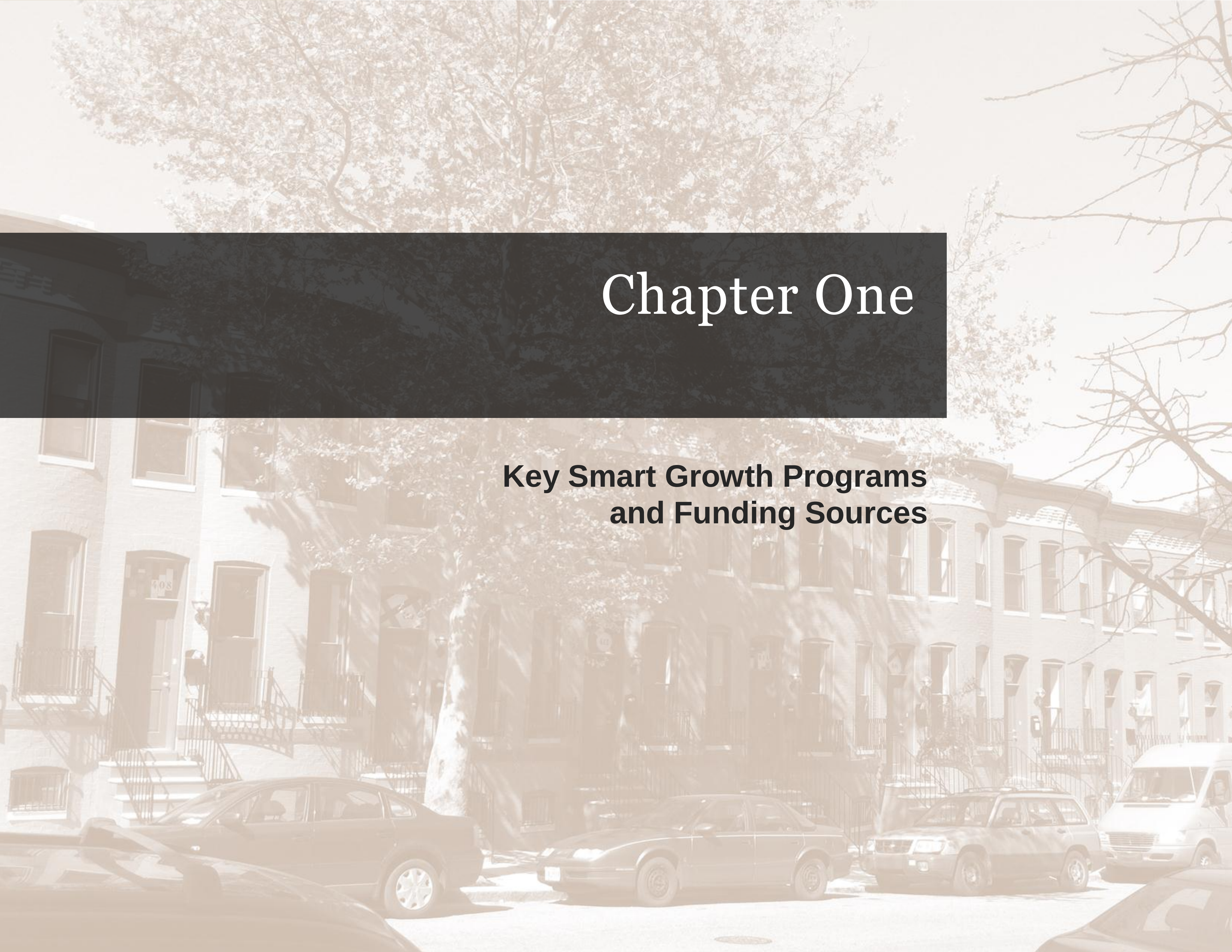
However, much work remains to better position brownfields and other areas in older existing communities for significant private-sector redevelopment investment. The following recommendations for next steps for leveraging private-sector smart growth investment were developed through review of best practices in other states and large municipalities.

This report was presented by the Chair of the Concentrating Growth Workgroup, Derick Berlage, to the Commission at January 28th, 2013 meeting. The Commission voted to endorse the report and its recommendations.

PRIORITY NEXT STEPS FOR FINANCING SMART GROWTH:

- Establishment of a renewable funding mechanism for specified Smart Growth programs, with the aim of raising *at least* $35 million annually.
- Enhancement of legislative authority for Tax Increment Financing (TIF) such that substantial new investment can be made in older existing communities and with State incentives.
- Enhancement of local infrastructure financing in older communities via the Local Government Infrastructure Finance program or a more formal Infrastructure Bank.
- Strengthen nonprofit community investors – Community Development Financial Institutions (CDFIs) – through a State capacity-building program.

The first priority recognizes that State support continues to be critical to catalyzing and leveraging private investment in local revitalization priorities. The remaining three identify specific tools and entities that are underutilized in Maryland but have been effectively used in other states to greatly expand private investment . *Leveraging private investment at a significantly larger scale is required if older communities are to become competitive for redevelopment and concentrated growth.*



Chapter One

Key Smart Growth Programs and Funding Sources

CHAPTER ONE: KEY SMART GROWTH PROGRAMS AND FUNDING SOURCES

In order for broader smart growth goals to be met, Maryland's older communities – rural, suburban and urban – need to attract significant investment from private developers, businesses and homebuyers -- the kind of investment that is more easily attracted to newer "sprawling" communities. The Concentrating Growth Workgroup reviewed funding trends for the State's "place-based" smart growth programs, those that uniquely attract private –sector reinvestment in communities targeted for revitalization. These key programs (Section A below) catalyze significant private investment for economic growth in existing Maryland communities. They were created in the "initial wave" of Smart Growth programs in the late 1990s and early 2000s and include grants, loans and tax credits programs that have proven to be very effective in drawing new investment to targeted revitalization areas, including to designated Sustainable Communities and local historic districts. In addition, in the FY13 budget, the Governor identified the need to provide support for high-impact redevelopment projects that could not move forward without public support for strategic demolition and site acquisition assistance; the Strategic Demolition and Smart Growth Impact Fund (SGIF) was launched in 2012 for that purpose, and the Governor has proposed renewal funding for the program in the FY14 budget.

Over the last six years, despite the economic downturn and budget crisis, the O'Malley-Brown administration has funded these revitalization programs at significant levels. However, the Workgroup recommends that funding be significantly expanded, including through the establishment of a new renewable source of funds. A number of the smart growth programs below are funded through annually allocated General Obligation (GO) bonds or set tax credit levels; two of the programs – Maryland Heritage Areas and Community Parks & Playgrounds – do have a renewable funding source. Other complementary State programs that have a "renewable funding source" are summarized in Section B; these provide examples for types sources of renewable support that have been used in Maryland.

Section A: Key smart growth programs that catalyze reinvestment in existing communities.

Program and Year Created	Lead Agency	Eligible Area	Program Description and Eligible Uses	Eligible Applicants	Recent Appropriations and Avg. Award	Funding Demand and Details	Current Funding Source
Community Legacy (CL) 2001	DHCD/NR	Sustainable Communities	Capital grants and loans designed to assist communities that have the potential, with modest public and private investment, to be vibrant places to live and work. Projects should capitalize on community strengths and be part of a larger revitalization strategy.	Local Governments Community Development Organizations Groups of Local Governments	FY 2013 - $6 M FY 2012 - $4.25 M FY 2011 - $4.25 M FY 2010 - $2.1 M FY 2009 - $4.7M Avg. Award: $100,000	3:1	GO Bonds
Neighborhood Business Works (NBW) 1995	DHCD/NR	Sustainable Communities	Flexible gap financing to small businesses locating or expanding in Sustainable Communities.	Maryland-Based Small Businesses (defined by the U.S. SBA)	FY 2013 - $4.25 M FY 2012 - $4.25 M FY 2011 - $4.0 M FY 2010 - $4.0 M	Open and Rolling Financing ranges from $25,000 to	GO Bonds

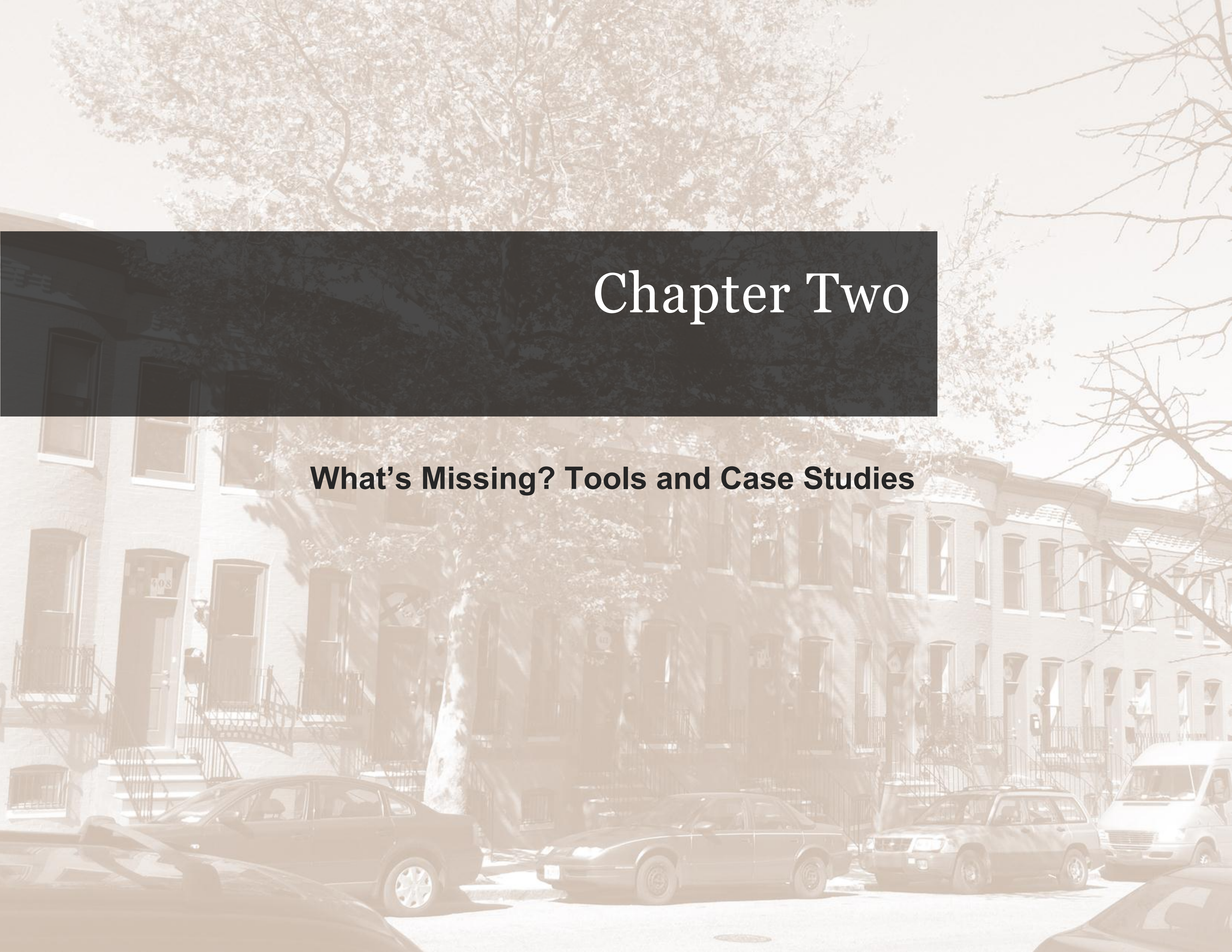
Program and Year Created	Lead Agency	Eligible Area	Program Description and Eligible Uses	Eligible Applicants	Recent Appropriations and Avg. Award	Funding Demand and Details	Current Funding Source
			Eligible uses include but not limited to acquisition, new construction or rehab, leasehold improvements, machinery and equip.	Nonprofit Organizations (which contribute to a broader revitalization effort)	FY 2009 - $5.0 M Avg. Award: $200,000	$500,000 for up to 50 percent of a project's total cost.	
Community Investment Tax Credit (CITC) 1996	DHCD/NR	Priority Funding Areas, with priority given to Sustainable Communities	State tax credits for use as incentives to attract contributions from individuals and businesses to benefit local projects and services. Businesses and individuals that donate can earn tax credits equal to 50% of the value of the money, goods or real property contribution.	Nonprofit organizations designated as a 501(c)(3) by the Internal Revenue Service	FY 2013 - $1 M FY 2012 - $1 M FY 2011 - $1 M FY 2010 - $1 M FY 2009 - $1 M Avg. Award: $20,000	3:1 Contributions of money, goods or real property worth $500 or more are eligible for tax credits. Individuals and businesses may claim a maximum of $250,000 in tax credits per year.	State of MD Tax Credit
Local Government Infrastructure Financing 1988	DHCD/CDA	Projects service Priority Funding Areas	Community Development Administration (CDA) issues bonds, on behalf of counties, municipalities and/or their instrumentalities, to finance projects that serve the community at large such as streetscape improvements, transp. enhancements, and water and sewer treatment facilities.	Maryland counties, municipalities and/or their agencies	Financing ranges from $150,000 to $10 Million Avg. Award: $1.5 M	Open and Rolling Bond Market twice a Year	DHCD's CDA issues tax-exempt bonds
The Maryland Sustainable Communities Rehabilitation Tax Credit Program 1996	MDP/MHT	Commercial: National Register or local historic district, or certain historic or non-historic structures in a Certified Heritage Area. Residential: National Register or local historic district.	Provides Maryland income tax credits based on a percentage of the qualified capital costs expended in the rehabilitation of a structure for the following types of projects: •20% credit for single-family owner-occupied residences and commercial buildings •25% credit for high-performance commercial buildings •10% credit for non-historic structures in historic districts or Sustainable Communities	Commercial income-producing properties (including office, retail, rental housing, etc.) Owner-occupied residences Heritage Areas: Only non-residential structures used for heritage tourism-related purposes	Commercial: FY 2013 - $7 M FY 2012 - $7 M FY 2011 - $10 M FY 2010 - $5 M FY 2009 - $10 M FY 2008 - $14.7M FY 2007 - $30.3 M FY 2006 - $20 M FY 2005 - $0 Residential: No Cap	Commercial: 5:1 Residential: Open and Rolling The qualified rehabilitation costs exceed the greater of 50% of the adjusted basis value of the structure or $25,000.	State of MD Tax Credit

Program and Year Created	Lead Agency	Eligible Area	Program Description and Eligible Uses	Eligible Applicants	Recent Appropriations and Avg. Award	Funding Demand and Details	Current Funding Source
Maryland Heritage Areas Program, 1996	MDP/MHT	Maryland's current twelve Certified Heritage Areas	Maryland's Heritage Areas are locally designated and State certified regions where public and private partners commit to preserving historical, cultural and natural resources for sustainable economic development through heritage tourism.	Grants: Non-profits and governments. Loans: Non-profits, governments, businesses, individuals.	FY 2013 - $3 M FY 2012 - $2.598 M FY 2011 - $3 M FY 2010 - $3 M FY 2009 - $3 M FY 2008 - $3 M FY 2007 - $3 M FY 2006 - $1 M FY 2005 - $1 M Avg. Award: $35,000	1.5:1 Annual Application	State of MD Property Transfer Tax
Community Parks and Playgrounds, 2002	DNR	Municipal corporations and the City of Baltimore are eligible.	Maryland's Community Parks & Playgrounds Program invests in the future of established communities by revitalizing parks and playgrounds statewide. With the support of the Governor and the Maryland General Assembly, a total of $49.9 million has been approved so far, to restore 511 park & playground projects for our communities across Maryland.	Municipal Corporations and the City of Baltimore	FY 2011-2013 – $2.5 M FY08-FY10, $5.0 M	FY 2012: 3.6:1	State General Funds and State General Obligation Bonds, which may be authorized on an annual basis by the Governor and General Assembly.

Section B: Examples of State programs with renewable funding sources.

Program	Lead Collecting Agency/ Benefactor	Year Created	Program Description and Eligible Uses	Eligible Applicants	Funding Levels/ Annual appropriation	Funding Source(s)
Program Open Space	Judiciary (Circuit Courts)/Dept. of Natural Resources	1969	Acquire recreation and open space for public use.	Funds are split between state and local government, with the state receiving more funding. State funds purchase land for state parks, forests, wildlife habitats, and other natural, scenic, and cultural resources for public use; some go to capital, operating, and maintenance costs. Funding is granted to local governments ("Localside POS") using an allocation formula (accounting for amount transfer tax collected, population growth, etc.) to help them buy land and build parks so they can meet their Land Conservation and Recreation goals.	No fixed annual appropriation; amount has fluctuated greatly, especially in recent years. $20 million over three years (FY12-14) for Localside POS, which includes operating costs. State receives more for its projects.	Maryland real estate transfer tax (.5 of 1%) and federal programs like the National Park Service's Land and Water Conservation Fund. In addition to POS, funds collected from the Maryland real estate transfer tax goes toward other DNR programs like easement acquisition and agricultural land preservation.
***Treasure the Chesapeake* License Plate Program**	Motor Vehicle Administration (MVA)/ Chesapeake Bay Trust	1990	Grants go toward removing trash and restoring habitat, running children's educational and public awareness programs, and building capacity for watershed and river organizations.	Nonprofits, religious institutions, schools, and other tax-except entities Local governments	In FY 2011, 50,000 Maryland drivers purchased and 200,000 drivers renewed a Bay plate. Total grant award in FY2011 (from all Trust funding sources) was more than $5.5 million.	Voluntary fee collected by the SHA.
Chesapeake Bay Fund Tax Donation	Comptroller of Maryland/ Chesapeake Bay Trust	1989	See Bay license plate program.	See Bay license plate program.	In 2010, Maryland residents contributed $1.1 million through the tax check-off program.	Volunteer donation to the Chesapeake Bay and Endangered Species Fund collected by the comptroller. Proceeds divided evenly between the Chesapeake Bay Trust and the Maryland Department of Natural Resources' Wildlife and Heritage Division.

Program	Lead Collecting Agency/ Benefactor	Year Created	Program Description and Eligible Uses	Eligible Applicants	Funding Levels/ Annual appropriation	Funding Source(s)
***Our Farms, Our Future* Agricultural License Plate Program**	MVA/Maryland Agricultural Education Foundation	2001	Increase agricultural literacy via elementary, middle, and high school programming, and the mobile Maryland Agriculture Showcase.	Funds go toward educational programs and a small grant making program for teachers.	Over $5,548,000 has been generated from the "Ag Tags" since they were available in 2001.	Ag Tag revenue is part of larger MAEF funding that includes grants, individual contributions, and fundraiser programs.
Small, Minority- and Women-Owned Fund **NOTE: The program is still in draft form, so all information is subject to change.**	Comptroller/Dept. of Business and Economic Development (DBED)	2012-13	Provide loans/equity investments to small, minority- and women-owned businesses. 50 percent of funds have to be used in locations where casinos are located.	Loans from DBED will be granted to fund managers, who will then give out loans to small, minority- and women-owned businesses. Potential agencies include Anne Arundel Economic Development, and Meridian Management Group, which contracts with DBED for another small business program.	Monies have not been disbursed since the opening of the first Md. casino. For 2011, about $2 million was collected; for 2012, about $3 million; and for 2013, there is a projected $7 million. Program is projected to generate $7 million annually.	1.5 % of all "video lottery terminal" (slots) revenue.
Maryland Affordable Housing Trust (MAHT)	DHCD/DHCD	1992	Encourages affordable housing for Md. households earning less than 50% of area or statewide median income through competitive funding rounds. Uses include: -capital costs rental /homeownership -nonprofit financial assistance capacity building -resident supportive services. Not place-based.	Nonprofits Public housing authorities Government agencies For-profit entities	State appropriation of $1.5 million for FY2012. Revenue fluctuates greatly with the real estate market. In FY2011, MAHT awarded about $3.1 million; in FY2010, MAHT awarded about $2.2 million.	A portion of the interest generated by title company escrow accounts, the return of unused funds, and loan repayments. The Trust may also accept donations from the federal government, state government, local governments and private sources.



Chapter Two

What’s Missing? Tools and Case Studies

CHAPTER TWO: WHAT'S MISSING? TOOLS AND CASE STUDIES

Making existing communities competitive for new investment and growth is a essential for reaching smart growth outcomes in Maryland. An expanded tool box is needed to leverage significant private investment in these targeted communities. The Workgroup has identified the following set of tools and funding mechanisms that are underutilized or weak in Maryland:

- Tax Increment Financing targeted for investment in revitalization areas
- Infrastructure Banks
- Community Development Financial Institutions (CDFIs)

This is not meant to be an exhaustive list. For instance, the federal New Markets Tax Credit (NMTC) is not well utilized in Maryland. However, if CDFIs were stronger in Maryland, then usage of NMTCs would also be stronger. Therefore, building the strength of CDFIs can directly lead to more use of the NMTCs which are often administered by CDFIs.

More generally, much more could be done to use State and local financing incentives to drive more private development to revitalization target areas relative to the broader PFAs. The following case studies show how other jurisdictions are using certain financing mechanisms to make high-impact projects and the needed infrastructure more feasible in communities with less healthy markets.

CASE STUDY ONE:
FINANCING TOOL—TAX INCREMENT FINANCING (TIF)[1]

Overview

Tax Increment Financing (TIF) is a method used by local governments to help finance local economic development projects by assigning property tax revenue resulting from increases in assessed values within a designated TIF district. TIF devotes incremental tax revenues generated by property value increases to support new development. TIF expenditures are generally debt financed in anticipation of increased tax revenue. Originated in 1952 in California, currently 49 states (including Maryland) and the District of Columbia authorize the use of TIF by county or municipal governments. With cutbacks in other sources of public funding for housing

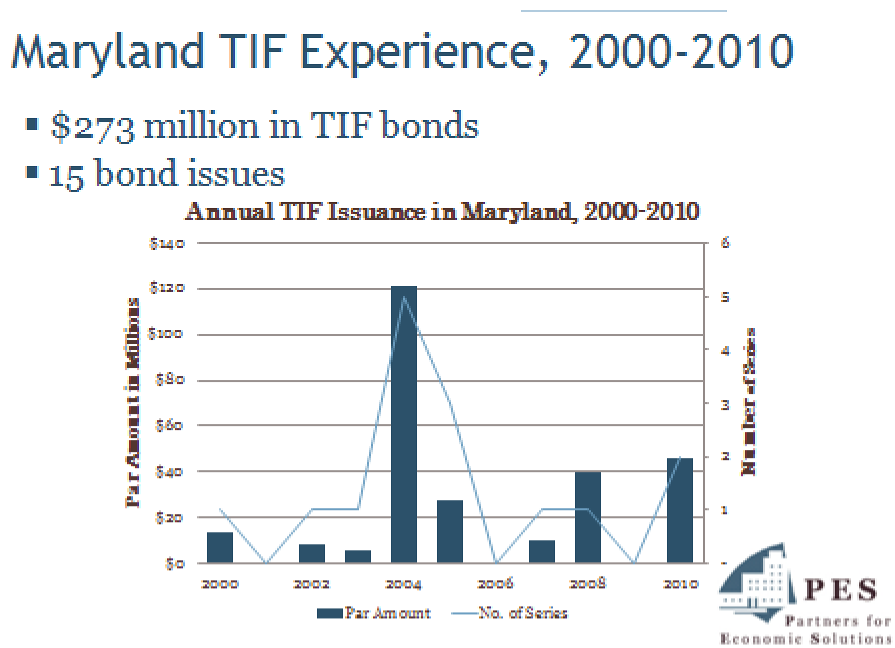
[1] Source: Partners for Economic Solutions, "Introduction to Tax Increment Financing," March 2011.

and community development projects, TIF should be considered as a good tool for funding public improvements in support of high impact community redevelopment projects.

Tax revenues generated based on property values at the time a TIF district is established will continue to flow to the jurisdiction's General Fund during the term of the TIF. During the life of the TIF, the local tax revenues generated by the increase in property values are deposited in a special fund to finance public infrastructure and other eligible uses. Any incremental revenues not needed for debt service revert to the jurisdiction. When all bonds have been repaid, the jurisdiction then receives all of the property tax revenues generated by the redevelopment as part of regular taxes. While the TIF is in place, the jurisdiction benefits from other increased tax and fee revenues not subject to TIF, including income, personal property, utility and hotel taxes as well as permit and other fees.

TIF in Maryland

The annual TIF issuance in Maryland varies dramatically from one year to the next based on market conditions and local priorities. For example, in 2004 there was more than $120 million in tax increment financing in Maryland. However between 2000 and 2003 the annual amount averaged below $20 million. In 2010 total Maryland TIF issuance was just over $40 million.



Source: Partners for Economic Solutions, “Tax Increment Financing” presentation, January 17, 2011.

Legal Basis/Statutory Authority

Local authority for Tax Increment Financing in Maryland is derived from the Maryland Tax Increment Financing Act (Economic Development Article §§12-201 to 12-213) (1980): Article 41, Title 14, Subtitle 2. The Act authorized counties to issue TIF bonds to finance redevelopment of industrial, commercial and residential areas.

In 2009, House Bill 300 enhanced the TIF authority of counties to finance costs associated with transit oriented development (TOD). Article - 23A Corporations - Municipal (§44A , 44A) Economic Development Article (§§12-201 , 12-201 , 12-201 , 12-201 , 12-209 , and 12-210) Article - 24 Political Subdivisions - Miscellaneous Provisions (§ 9-1301 , 9-1301 , 9-1301) Transportation Article (§7-101).

For BRAC-impacted areas (BRAC Zones) the State reimburses the local government for 50 percent of the property taxes devoted to a BRAC-related TIF project, up to a total of $5 million statewide over a 10 year period.

Local Examples

Examples of projects financed by TIFs in Maryland include National Harbor in Prince George's County, East Baltimore Research Park in Baltimore City, Park Place in Annapolis, and the Mondawmin Mall renovation in Baltimore City.

Nationally, only 5 in approximately 2000 TIFs defaulted in 2010, one of the toughest years for assessed property values. No Maryland TIF bonds have gone into default.

Next Steps

Tax increment financing is a valuable tool for targeted investment in economic development. Maryland's TIF authority could be enhanced by technical changes and applying models from other states. In particular, TIFs can be a valuable resource for catalyzing improvements in areas targeted by state and local governments for revitalization. Historically, TIFs in Maryland have been project-based and without regard for whether the location of the project contributed to smart growth. Enhancing local authority to create TIFs for smart growth geographies such as designated Sustainable Communities, rather than specific projects, can provide flexibility to support state and local revitalization strategies while responding to development opportunities as they arise. Examples include: Historic preservation or rehabilitation; site preparation, including environmental remediation; parking facilities; highways or transit service; schools; affordable or mixed income-housing.

In the 2012 General Assembly session, HB1467 was introduced late in the session to address the promise of using TIF in older communities. Time did not allow a full discussion of the bill, and no action was taken on the bill during the session. The bill was eventually withdrawn. The Commission has been working with MDP on an update of this bill with the following features:

- Creates the possibility for new local revenue streams to fund TIFs in Sustainable Communities (SC), such as amusement, entertainment, hotel/motel or any other alternative local tax revenues generated within the Sustainable Community. This is similar to the authority to use other revenue streams granted to MDOT-designated TODs in 2009.
- Allows and clarifies new uses for TIF funds that include historic preservation, environmental remediation, demolition, site preparation, parking lots, facilities, highways or transit that support Sustainable Communities, schools, and affordable or mixed-income housing.
- Prioritizes State funding for a Sustainable Community when a political subdivision issues bonds to support or revitalize that Sustainable Community.

- Allows Sustainable Communities the same bonding authority via the Maryland Economic Development Authority (MEDCO) as MDOT-designated TODs.

CASE STUDY TWO:
FINANCING TOOL: INFRASTRUCTURE BANKS AND FUNDS

The Maryland Department of Transportation's Blue Ribbon Commission on transportation funding recognized the opportunity afforded by infrastructure banks in its final report, issued in November 2011. The report included a recommendation that Maryland should "prepare to take advantage of any national infrastructure bank legislation." In other words, if a national infrastructure bank is enacted, Maryland should be ready with projects that would be candidates for such loans.

Overview

Many states have established federally and state-funded infrastructure banks and/or funds to support local transportation and infrastructure improvements. While most banks are established with federal funds from the U.S. Department of Transportation Federal Highway Administration and used solely for transportation projects, some states have capitalized their banks with state revenues, thus providing more flexibility to establish loan rules and regulations, and determine which projects are financed. Essentially, these banks are revolving loan funds that offer both loans and credit enhancements, and they vary widely in loan capacity, from under $1 million to more than $100 million.

The original federal program was established in 1995 by U.S. Congress under Title XXIII, Eligible Highway and Transit Projects. SIBs have been authorized by the U.S. Department of Transportation for more than 15 years. The Transportation Equity Act for the 21st Century, passed in 1998, continued the program until the 2005 Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) expanded the option so that all states and the District of Columbia could transfer a limited amount of the state's Highway Trust Fund allocations to SIBs (generally, 10 percent)."[2]

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[2] Source: National Employment Law Project. State Infrastructure Banks: Old Idea Yields New Opportunities for Job Creation. Briefing Paper, December 2011. Accessed from:
http://www.nelp.org/index.php/content/content_issues/category/job_creation_and_economic_recovery/

Examples:

Virginia Resources Authority (VRA).

VRA makes loans to counties, cities, towns, and authorities with the advantage of below-market rates or credit enhancement.

Source of funds: Primarily through tax-exempt bonds..

Amount financed since inception: Since inception in 2003, 57 different cities, towns, counties, and service authorities utilized this program to finance over $718 million. The program operates under a Master Indenture. The State of Virginia provides a key component of support that takes the form of a "Moral Obligation" Pledge – a form of credit enhancement and security pledge backing bond debt issued by VRA. This pledge enables VRA to secure very favorable bond credit ratings, and thus lower cost of capital than would otherwise be available to VRA or its local government participants. VRA's statutory moral obligation debt limit currently stands at $1.5 billion.[3]

Types of projects financed: Project areas include: public safety, transportation, wastewater, solid waste, water, brownfield remediation and redevelopment, airports, land conservation and preservation, parks and recreation, local government buildings, and energy.

Ohio's State Infrastructure Bank (SIB).

The Ohio SIB is a state entity created for the purpose of developing transportation facilities throughout Ohio.

Source of funds: The Ohio SIB "was capitalized with a $40 million authorization of state general revenue funds (GRF) from the Ohio State Legislature, $10 million in state motor fuel tax funds, and $87 million in Federal Title XXIII Highway Funds."[4] The SIB always maintains a $5 million reserve and only loans to public entities.

Amount financed since inception: As of March 2011, 96 loans with federal dollars had been made in the amount of $297,516,125, and 45 loans with State dollars were made in the amount of $62,041,232.

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[3] Source, "Research on Alternative Financing Mechanisms," DHCD staff analysis, November 2008.
[4] Source: Ohio Department of Transportation website: http://www.dot.state.oh.us/Divisions/Finance/Pages/StateInfrastructureBank.aspx

Types of projects financed: Federal, state, and local transportation projects, as well as aviation, rail, port facilities, and other intermodal transportation facilities, including Rails to Trails.

Revolving Loan Funds. The Water Quality Revolving Loan Fund (WQRLF) administered by the Maryland Department of the Environment provides financial assistance for a wide variety of projects to protect or improve the quality of Maryland's rivers, streams, lakes, the Chesapeake Bay and other water resources. As part of its financial assistance package, MDE's Water Quality Financing Administration (WQFA) can provide financial advisory services that assist applicants in determining affordable user rate structures and model the fiscal impact the proposed loan will have on financial capacity.[5]

WQRLF assistance is available for:

Point Source Pollution Prevention (Public Entities/Local Governments Only):

- Wastewater Treatment Plant Improvements/Expansion including State Grant Match for Biological Nutrient Removal (BNR) Facilities
- Sewerage Collection/Conveyance Systems including New/Replacement Sewers
- Correction of Excess Sewerage Infiltration/Inflow (I/I) and/or Combined Sewer Overflow
- Sludge Handling Facilities at Wastewater Treatment Plants
- Landfill Leachate Pretreatment Facilities
- Back Wash Facilities at Drinking Water Treatment Plants

Nonpoint Source Pollution Prevention Public and Private Entities:

- Wellhead Protection (Drinking Water Source)
- Landfill Closure
- Stream Corridor Restoration/Protection
- Hazardous Waste Clean-up (Brownfields)
- Shoreline Erosion Control
- Agricultural Nutrient Management Plans and Water Soil Conservation Plan

[5] Source: Maryland Department of the Environment website.

Next Steps

More analysis gauging the strengths and challenges of establishing a Maryland infrastructure bank is a prerequisite to moving forward. Next steps include investing in a research paper on the costs and benefits of an infrastructure bank establishment, perhaps conducted by a consultant to the Sustainable Growth Commission.

In addition, enhancements to the existing DHCD Local Government Infrastructure Financing program (LGIF) should be considered. As the VRA case study above notes, the VRA bond issuances are greatly credit enhanced by a pledge of Virginia's "moral obligation pledge" to repay bond holders. Such a credit enhancement could similarly benefit the affordability of bond financing through LGIF, allowing more cash strapped jurisdictions to afford infrastructure investments.

CASE STUDY THREE:
FINANCING TOOL—STATE CDFI FUND

Overview

Community Development Financial Institutions (CDFIs) are financial institutions that provide financial products and services to people and communities that are underserved by the traditional banking sector. The current national network of more than 1000 CDFIs (950 are certified by the CDFI Fund) had its beginnings with community development credit unions in the 1930s. That network expanded in the 1960s as part of the "War on Poverty." In the 1970s CDFIs expanded by reaching out to private organizations for funding, particularly religious organizations. Community Development Credit Unions such as South Shore Bank in Chicago and the Santa Cruz Community Credit Union had their beginnings in the 1970s. Several changes in the 1990s led to rapid expansion of the CDFI network, including creation of the CDFI Fund at U.S. Treasury and an updating of CRA regulations to recognize loans to CDFIs as an eligible activity.

While the volume of lending by CDFIs is small relative to traditional banking institutions, CDFIs play a critical role in reaching borrowers not served by the traditional banking sector. While CDFIs have been successful in securing support from federal sources such as the New Markets Tax Credits (NMTCs) and the CDFI Fund, federal support only accounts for 7 percent of all CDFI capital.

As community lenders, CDFIs have special knowledge of the communities and borrowers they serve. A key ingredient in the success of CDFIs is their ability to provide individualized service and direct technical support. In spite of making loans that may be considered too small or too risky by the traditional banking sector, loans originated by CDFIs have a lower default rate than traditional lenders. Successful CDFI borrowers eventually "graduate" to borrowing larger amounts from traditional lenders.

Source and amount of funding vary state to state. CDFIs may also receive grants from the CDFI Fund. The CDFI Fund awarded more than $186 million nationally in 2012. The CDFI Fund has awarded more than $1.7 billion since 1994.[6] The CDFI Act of 1994 was signed into law by President Clinton on September 24, 1994. CDFIs are chartered by the U.S. Treasury Department.[7]

Successful CDFI models across the country vary in terms of the type and level of state support. Successful models include strong statewide networks providing advocacy, technical support and knowledge sharing.

Examples:

Pennsylvania Community Development Bank (PCDB).

Established in 1994, the bank makes loans to exclusively CDFIs. To receive loan funds, the CDFIs must be accredited by the State – which is handled within their office, within the Pennsylvania Department of Community and Economic Development. Pennsylvania currently has 16-17 CDFIs that are accredited by the PCDB, however only 8 or 9 are really active. The bank is overseen by an operational committee of the board of directors of the PA Economic Development Financing Authority, which created the Community Development Bank Operation Committee (CDBOC). Any new loans made to CDFIs are approved by the CDBOC.

Source of funds: The bank was established around 1994 and received an initial appropriation around $17 million. It received only one appropriation. With consistent CDFI repayment of loans, infused with fee income from the state's bond financing program, the PA Community Development Bank loan programs are self-sustaining. The bank used to make both loans and grants, but in the past 3 to 4 years, it has only been able to make loans.

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[6] Source: CDFI Fund press release: "Treasury Announces More Than $186 Million in Awards to Organizations Serving Low-Income and Native Communities," August 6, 2012.
[7] Ibid.

Amount financed since inception: 43 CDFIs have lent nearly $52 million since 1996. The fund lends $6 to 7 million annually. CDFI technical assistance grants have been paramount to a strong repayment record with no defaults to date.

Types of projects financed: Loan capital and operating support to CDFIs. At last report the PCDB had a prefect perfect repayment record. Program administrators credit the initial technical assistance grants as vital to the success of administering the loan program.

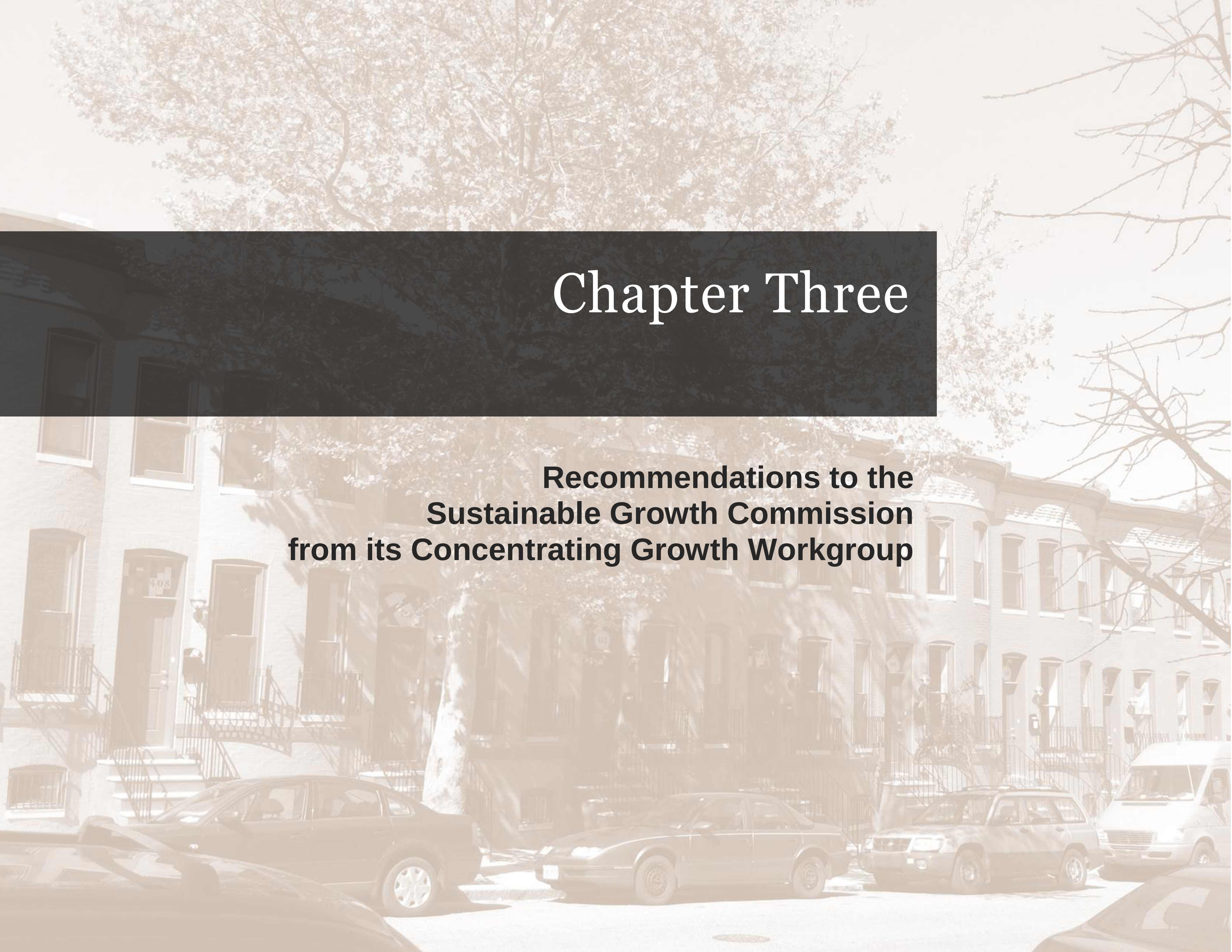
New York CDFI Fund.

111 CDFIs have lent nearly $180 million since 1996. New York's CDFI Fund was established by Assembly Bill 6681-A in 2007, but not yet capitalized. Even without the fund, New York has a strong network of 81 CDFIs supported by a regional coalition of community development credit unions that supports dialogue, advocacy and capacity building. The New York coalition is currently focused on financing response to the damage caused by Hurricane Sandy, potentially affecting its 2013 proposal.

Next Steps

Early operating and technical support are key to CDFI and borrower success. Statewide coalitions can provide capacity building, advocacy and shared knowledge. Maryland CDFIs vary greatly in terms of size, capacity and geographic focus. Maryland's CDFI network is well positioned to grow in size and capacity, but it lacks a strong network needed for advocacy, knowledge sharing and resource development.

The possibility of creating a state CDFI fund that can provide both capital and operating (technical assistance) support should be explored. Detailed information on models from other states is needed, particularly regarding dedicated sources of funding for ongoing support. There should be continued dialogue with state, local and regional partners to build consensus on next steps. Additionally, there should be a convening of CDFIs in conjunction with public and private partners to discuss models and challenges and build consensus from key stakeholders on next steps, and on how to strengthen the CDFI network statewide.



Chapter Three

Recommendations to the Sustainable Growth Commission from its Concentrating Growth Workgroup

CHAPTER THREE: RECOMMENDATIONS TO THE SUSTAINABLE GROWTH COMMISSION FROM ITS CONCENTRATING GROWTH WORKGROUP

PRIORITY 1:

Establishment of a renewable funding mechanism for specified Smart Growth programs, with the aim of raising at least $35 million annually.

Recommendation: Identify a sustainable funding source to support key smart growth programs that catalyze private investment in existing communities in need of revitalization. Advocate for at least $35 million in annually funding for specified Smart Growth programs whether or not a sustainable funding source is established.

PRIORITY 2:

Enhancement of legislative authority for Tax Increment Financing (TIF) such that substantial new investment can be made in older existing communities and with State incentives.

Recommendation: Enhance local authority to create TIFs for Smart Growth geographies such as designated Sustainable Communities. Expand eligible uses for TIF generated revenue in Sustainable Communities to address needs of older communities. Examples include: Historic preservation or rehabilitation; site preparation, including environmental remediation; parking facilities; highways or transit service; schools; affordable or mixed income housing.

PRIORITY 3:

Enhancement of local infrastructure financing in older communities via the Local Government Finance program (LGIF) or a more formal Infrastructure Bank.

Recommendation: Explore the potential to establish a "Maryland Infrastructure Bank", or strengthen the existing Local Government Infrastructure Finance program to address critical infrastructure needs in Maryland's older communities. If needed, fund consulting support to the Sustainable Growth Commission for this purpose. In addition, explore enhancements to LGIF authority in order to expand access for local government participation.

PRIORITY 4:

Strengthen nonprofit community investors – Community Development Financial Institutions (CDFIs) – through a State capacity-building program.

Recommendation: Explore the potential to establish a "Maryland CDFI Fund" to provide loan capital, capacity-building grants to Maryland CDFIs. In particular operating support is needed to expand effective CDFIs in existing communities or seed new CDFIs where there are none. If needed, fund consulting support to the Sustainable Growth Commission for this purpose.

Appendices

APPENDIX A

SUSTAINABLE MARYLAND 1.0 RECOMMENDATIONS

In January of 2010, the Revitalization Incentives Workgroup of the Task Force on the Future for Growth and Development in Maryland issued the report, "Sustainable Maryland: Accelerating Investment in the Revitalization and Livability of Maryland's Neighborhoods". That report identified four overarching goals for reinvestment in Maryland's existing and historic neighborhoods; the report also identified 14 specific recommendations to meet the four main goals, and more than 50 specific action steps for achieving the 14 recommendations. The report is available at the website of the Maryland Department of Planning.

The recommendations identify effective programs in Maryland's existing revitalization toolbox while also recommending new tools and strategies. In many cases, existing programs are working well, but are not funded sufficiently or targeted effectively to maximize revitalization. *In every case, the recommendations recognize that strong public and private partners are essential for revitalization initiatives to be effectively implemented and sustained.*

Vision: Sustainable and Livable Neighborhoods for Maryland Families.

Goal 1: Attract and sustain private investment in revitalization areas and projects.

Goal 2: Preserve the authentic "sense of place" and historic character of Maryland communities.

Goal 3: Advance green and sustainable development practices in tandem with revitalization investment.

Goal 4: Connect Maryland families to economic opportunity in improving communities.

Goal 1: Attract and sustain private investment in revitalization areas and projects.

Recommendation 1: Better align Maryland's revitalization target areas and agency programs in order to focus and leverage increased private investment.

Recommendation 2: Sustain Maryland's core community reinvestment and revitalization programs and local workforce. When economic conditions allow, expand resources for core programs such as Community Legacy, Neighborhood BusinessWorks, and the Heritage Structure Rehabilitation Tax Credit.

Recommendation 3: Increase the investment power of nonprofit Community Development Financial Institutions (CDFI) in Maryland and focus investment in revitalization target areas.

Recommendation 4: Reduce barriers and increase incentives for private–sector development and investment in revitalization target areas.

Recommendation 5: Expand use of local Tax Increment Financing (TIF) and the federal New Markets Tax Credit (NMTC) program for transformative Smart Growth projects in revitalization target areas.

Goal 2: Preserve the authentic "sense of place" and historic character of Maryland communities.

Recommendation 6: Support economic development and sustainable design in Maryland's existing communities by strengthening incentives for the rehabilitation of historic commercial and residential properties.

Recommendation 7: Develop consumer---friendly financing strategies for rehabilitation of older homes in revitalization target areas.

Recommendation 8: Promote use of the Maryland Building Rehabilitation Code (formerly known as "Smart Codes")

Goal 3: Advance green and sustainable development practices in tandem with neighborhood investment.

Recommendation 9: Provide incentives for green and sustainable development in revitalization target areas.

Recommendation 10: Encourage private investment in the redevelopment and reuse of vacant or poorly performing commercial properties, also known as "greyfields" – into mixed us developments that better serve their surrounding neighborhoods.

Recommendation 11: Align federal, state and local agency investment in mixed income Transit Oriented Developments (TOD), creating compact, livable communities.

Goal 4: Connect Maryland families to economic opportunity in improving communities.

Recommendation 12: Preserve and create affordable and workforce housing options in revitalization target areas, particularly near jobs, transit and good schools.

Recommendation 13: Sustain and increase job opportunities in revitalization target areas.

Recommendation 14: Help families and neighborhoods recover from the foreclosure crisis.

APPENDIX B

MARYLAND SUSTAINABLE GROWTH COMMISSION CONCENTRATING GROWTH WORKGROUP MEMBERS

Derick Berlage, *Chair*	Carol Gilbert	Les Knapp
Russ Brinsfield, *Vice-Chair*	Alan Girard	Steve Foren
Rob Merrit, *Vice-Chair*	Matt Power	Sean Davis
Karl Brendle	Don Halligan	Kate Sylvester
Cheryl Cort	Sam Parker	Duane Yoder
Candace Donohoe	Dru Schmidt-Perkins	Bob Youngentob

Staff to the Workgroup:

Department of Business & Economic Development: Timothy Doyle
Department of Housing & Community Development: Kevin Baynes, John Papagni, Mary Kendal, and Olivia Cecciarelli
Department of Planning: Arabia Davis, Richard Josephson, Graham Petto and Ryan Sigworth

The Maryland Sustainable Growth Commission
Smart Growth Status Check





January 2013

Why a Status Check?

People ask, "how well is Maryland doing when it comes to smart and sustainable growth". Is the State moving in the right direction toward community revitalization and reinvestment? Are State and local resources being protected and preserved? How well is the transportation system working to move people to jobs, services, and recreational activities? Are we doing well in improving air and water quality? What about jobs and quality of life issues?

A Status Check can tell us how well we are doing but it can also tell us how much more we need to do to reach the goals we have set for ourselves through various policies and plans. It can be a pat on the back for progress made but also a gentle or stronger nudge to do more.

What is Smart Growth?

Smart growth concentrates new development and redevelopment in areas that have existing or planned infrastructure to avoid sprawl. Smart growth is sustainable and is characterized by compact, transit-oriented, bicycle-friendly land use, with neighborhood schools, walkable streets, mixed-use development and a wide range of housing choices. Its purpose is to conserve valuable natural resources through the efficient use of land, water and air; create a sense of community and place; expand transportation, employment, and housing choices; distribute the costs and benefits of development in an equitable manner; and promote public health.

Smart Growth has four straightforward goals:

Support existing communities by targeting resources to support development in areas where infrastructure exists;

Save our most valuable natural resources before they are forever lost;

Save taxpayers from the high cost of building infrastructure to serve development that has spread far from our traditional population centers; and

Provide Marylanders with a high quality of life, whether they choose to live in a rural community, suburb, small town, or city.

Maryland's historic leadership in planning and smart growth

Maryland has a rich tradition in planning and smart growth. Major planning laws and policies have been enacted since 1933, when the first state planning commission in the country was created in Maryland to coordinate public works programs; in 1959 the State planning department was created to provide oversight on water resources; in 1969 state planning became a cabinet level agency; in 1974 the land use act authorized the secretary of planning to designate areas of critical state concern and allowed the department to express views in local land use decisions; in 1977 the Maryland Agricultural Land Preservation Foundation (MALPF) was created to help preserve the State's farms through easement purchases; in 1984 the Chesapeake Bay Critical Areas Act was approved establishing areas along to Bay and tidal waters for additional environmental protection measures; in 1992 the Economic Growth, Resource Protection and Planning Act established 7 planning visions to be incorporated into local comprehensive plans; in 1997 the Smart Growth and Neighborhood Conservation Act established Priority Funding Areas (PFAs), the Rural Legacy Program, incentives to clean up brownfields, and live near your work incentives; in 2006 House Bill 1141 required Water Resources Elements and Municipal Growth Elements to be incorporated into local comprehensive plans; in 2006 House Bill 2 required counties seeking certification of their farmland preservation programs to designate Priority Preservation Areas (PPAs) and include them in local comp plans; in 2007 House Bill 773 created the Task Force on the Future for Growth and Development; in 2009 Smart Green and Growing legislation created 12 updated planning visions, indicators to be reported by local jurisdictions, reporting on Adequate Public Facilities Ordinance (APFO) restrictions, and greater consistency linkage between local comprehensive plans and implementing tools; in 2010 the Sustainable Communities Act was adopted, consolidating various redevelopment and revitalization programs under one application umbrella; in 2011 PlanMaryland, the State's first comprehensive statewide policy plan for smart growth, resource preservation and sustainability, was accepted and established through an executive order as the State's planning policy; and in 2012 the Sustainable Growth and Agricultural Preservation Act was adopted, establishing growth tiers to be adopted by local jurisdictions as a means to identify the most appropriate areas, reflected in local plans, for new subdivisions to be served by public sewer or private septic systems.

Current Planning Issues in Maryland

Some of the most pressing planning and development issues in Maryland today are:

- 1.7 million acres of 6.2 million total acres of land are developed
- 650,000 acres of land was developed in the first 350 years; another 1 million acres was developed in the last 30 years
- 500,000 acres of farmland was converted to development since 1982
- Maryland will grow by 1 million people over the next 25 years
- Over 400,000 acres of land will be converted to development over next 25 years under current trends

- Marylanders live in larger homes on larger lots, shop in larger stores, and park in larger parking lots than ever before, but the consequence is more time spent getting to those places, more public dollars needed to support that dispersion, more loss of natural resources, more pollution into the bay and fewer affordable housing options
- People are driving more and farther – Vehicle Miles Traveled went from 9,000 per capita to 10,000 in 10 years (1996-2006)
- Housing affordability – most of central MD has traditionally not been affordable to the average workforce
- Pollution – single family homes on septic systems use more land and contribute more pollution to the Bay

What were some of the Smart and Sustainable Growth Highlights of 2012 in Maryland?

Local projects:

Salisbury: Evolution Craft Brewing Company - 200 Elmwood Street - this was an adaptive reuse, within a Priority Funding Area, which utilized an old facility that formerly housed Reddy Ice on Route 13 in the center of Salisbury, Md. The 22,000 square feet facility was renovated, at an approximate cost of $2,000,000.00 and houses a restaurant, tasting room and the production brewery. The new business created approximately 40 new jobs.

Harford County/Aberdeen TOD: The City of Aberdeen completed a TOD Master Plan for the Aberdeen Station in 2012. Aberdeen Station is one of the state's designated TOD sites. MDOT, MDP and MdTA staff are assisting Aberdeen with a new form-based code that will promote implement the TOD Master Plan and promote the principles of Smart Growth.

Queen Anne's County/Chester Village Center: Queen Anne's County created a new form-based code, the first form-based code in Queen Anne's County, to implement the Town Center recommendations contained within the Chester Community Plan. The Chester Village Center zoning provides the framework for integrating a mixed-use Town Center into the Chester Growth Area. In late 2012, the property was purchased and concept plans are being prepared by the developer. The proposed project could promote the principles of Smart Growth. The Chester Village Center code is currently being considered by the Town of Centreville Planning Commission as a zoning template for the Town's municipal growth areas.

Carroll County/Town of Sykesville: the Town was a recent recipient of a Sustainable Communities Tax Credit to convert a former women's dormitory into office buildings, known as the Warfield Redevelopment project. The project will restore an old building into a new use in the center of town.

Western Maryland/STAR (Sustainable Transformation of the Appalachian Region): In September 2012, the National center for Smart Growth NCSG issued a report titled, "Sustainable Transformation of the Appalachian Region, A Primer for Economic Development in Western Maryland". Working with local governments, civic organizations, and local residents in Garrett, Allegany and Washington counties, the NCSG identified needs and opportunities for sustainable economic development in Western Maryland. The work included analysis of existing social, economic, and environmental conditions including housing, transportation, and critical infrastructure.
As the state moves forward with the implementation of PlanMaryland, the Report and its findings will help inform state agencies of these priorities and concerns, which often distinguish Western Maryland from the remainder of the state.

Baltimore City: There is a large-scale, multi-phased revitalization effort in the Barclay Midway Old Goucher (BMOG) neighborhood. Started in 2006 through a participatory planning process with the community and Housing Authority of Baltimore City, the developer created the BMOG Redevelopment Plan, a redevelopment strategy for infill development of 268 scattered-site parcels, including 94 vacant lots, into approximately 320 units of mixed-income and mixed-tenure housing, with both rental and homeownership opportunities. Barclay Phase 1A, financed by the Maryland Department of Housing and Community Development, the Housing Authority of Baltimore City and the Federal Home Loan Bank of Pittsburgh, is now under construction and will create 72 units of affordable rental housing with a mix of new construction and rehabilitation.

Baltimore City: More miles of bike lanes, signage and striping were added along Baltimore City streets in 2012, as the City continued to implement the Bicycle Master Plan. Bike roundabouts and ride thru speed humps were introduced along Guilford Avenue, a designated bike boulevard commuter route. Bike traffic counts show an increase over last year, improving the City's modal share toward 1%.

Baltimore County/Towson: Towson Square project. Three new restaurants and a 15-screen movie theater are part of the Towson Square project — an $85 million development seen as a key element in attracting more shoppers and visitors to the county seat slated to open in 2014. The complex will eventually house eight restaurants, with more tenant announcements planned in the coming months. Towson Square is an infill project that is currently utilized as 4 acres of surface parking just east of York Road behind the adaptive reuse of the old Hutzler's department store at York and E Joppa Roads on the circle.

Baltimore County/Owings Mills: Metro Centre. Breaking ground in 2012, Metro Centre at Owings Mills is a major mixed-use, Transit-Oriented Development that, upon completion, will support more than 1.2 million square feet of commercial office space; 300,000 square feet of complementary retail space; 1700 residential units; educational facilities totaling 120,000 square feet and a 250 room hotel component. This project is directly accessible to the Owings Mills Metro station.

Montgomery County/White Flint: The White Flint Sector Plan, adopted in 2010, provides the framework for redevelopment projects that were ongoing throughout 2012. In October, the Montgomery County Planning Board approved a sketch plan for a new mixed development project on the 45.3-acre mall site that will transform the retail establishment into a complete community featuring residential, office, retail and public uses including a large central plaza, a 2.3 acre addition to the existing White Flint Neighborhood Park, and an elementary school site. The plan's most transformative element is a new street network that creates developable blocks with many public spaces.

Montgomery County/Bethesda: Woodmont/7200 project. The proposal is to develop a mix of uses including office, hotel, and retail, totaling over 1.2 million square feet of gross floor area located in close proximity to Bethesda Metro and other transit options. The site is currently occupied by a one story cinder block structure and an eight story office building, both of which will be demolished and replaced, and other buildings (7255 Woodmont Avenue, 7200 Wisconsin Avenue, and 7220 Wisconsin Avenue) that will remain, but 7200 Wisconsin will undergo some renovation to update its architecture and interaction with the street.

Charles County/Benedict: First settled as a colonial port town in 1706, the waterfront village of Benedict is located in far-eastern Charles County along a narrow peninsula bordering the Patuxent River and Indian Creek. Today the village of Benedict consists of 150 acres and includes residential areas as well as marinas and restaurants, a post office, firehouse and Catholic church. Because of its strong historic themes, regional location, and abundant waterfront, in 2012 Charles County completed the Benedict Waterfront Village Revitalization Plan, a community-based vision for the future of Benedict that includes improved water access and amenities, infill and redevelopment opportunities, and planned sewer service improvements.

St. Mary's County/Leonardtown: Leonardtown worked with a consultant last fall to create a waterfront plan for the development of Tudor Hall as well as the next phase of Leonardtown Wharf. The plan put forward a vision of where to ensure connectivity to the downtown and a seamless transition from the old to the new development. This plan has a small hotel and conference center within walking distance to the downtown. Mixed use and multifamily units are closest to the downtown. Keeping public access to the waterfront is paramount.

Howard County/Columbia: Downtown Columbia Revitalization. The Downtown Columbia Plan is an amendment to the County's General Plan. It is a framework for the revitalization of Downtown Columbia over the next 30 years. Development plans for Downtown projects in the years ahead will include neighborhood design guidelines, environmental restoration, public amenities and infrastructure. Over the life of the Downtown Columbia development project, as much as 13 million square feet of retail, commercial, residential, hotel and cultural development is planned to be accomplished in three phases, including: up to 5,500 residential units; 4.3 million square feet of commercial office space; 1.25 million square feet of retail space; 640 hotel rooms; Merriweather Post Pavilion redevelopment; Multi-model transportation system

Statewide Smart Growth Programs:

PlanMaryland: the State's first comprehensive plan for sustainable growth, development and preservation is currently being implemented through identification of local planning areas and development of state implementation strategies

Sustainable Growth and Agricultural Preservation Act of 2012: also known as the septic bill, it is being implemented by local jurisdictions' identification of growth tiers for new residential subdivisions, based on local plans and current and planned sewer or septic service areas

Sustainable Communities: areas that local jurisdictions are targeting for revitalization and redevelopment are being identified by them for eligibility for various state assistance programs, such as Community Legacy and Neighborhood Business Works. In 2012, 22 locally designated Sustainable Communities areas were approved.

MALPF: The Maryland Agricultural Land Preservation Foundation (MALPF) purchases agricultural preservation easements that forever restrict development on prime farmland and woodland. During its 25th year of preserving agricultural land, MALPF will have helped landowners permanently protect from development more than 250,000 acres on almost 2,000 farms. The Foundation has preserved farmland in all of Maryland's 23 counties.

Rural Legacy: The Rural Legacy Program provides the focus and funding necessary to protect large, contiguous tracts of land and other strategic areas from sprawl development and to enhance natural resource, agricultural, forestry and environmental protection through cooperative efforts among state and local governments and land trusts. Protection is provided through the acquisition of easements and fee estates from willing landowners and the supporting activities of Rural Legacy Sponsors and local governments.

Watershed Implementation Plan: In 2010 the U.S. Environmental Protection Agency (EPA) required the Bay watershed jurisdictions to develop statewide Watershed Implementation Plans (WIPs). WIPs are the first phase of a major initiative that will lead to the restoration of the Chesapeake Bay and clean local streams. Maryland's Phase I WIP, completed in December 2010, allocates allowable loads of nitrogen, phosphorus and sediment among different sources and identifies statewide strategies for reducing the levels of these pollutants that are impairing the Chesapeake Bay. Maryland's Phase II WIP is the second part of a three-phased planning process. Maryland developed the Phase II WIP in a year-long collaboration with local partners. In March 2012, the revised Phase II WIP documents were submitted to EPA. Local jurisdictions were encouraged to continue development or enhancement of their local strategies during a three-month extension of the Phase II schedule. The new or refined strategies and narrative reports have been incorporated in the October 2012 Final Maryland Phase II WIP documentation.

Climate Action Plan: In 2009, Maryland Governor O'Malley and the Maryland General Assembly passed the Greenhouse Gas Emissions Reduction Act of 2009 (GGRA). The law requires the State to develop and implement a Plan to reduce greenhouse gas (GHG) emissions 25 percent from a 2006 baseline by 2020. The GGRA Plan must have a positive impact on job creation and contribute to Maryland's economic recovery. The final GGRA Plan will be completed in early 2013.

Food Policy Model and Guideline: In 2012, MDP published its 28th Model and Guideline document on Food Policy. The Food Policy M&G provides local jurisdictions with examples of best practices for incorporating food policy into local comprehensive plans, local regulatory practices and local education programs.

Whose Status Check is this anyway?

This Status Check was initiated by the Maryland Sustainable Growth Commission. The Sustainable Growth Commission was established by the General Assembly in the 2010 session, as a successor to the Task Force on Growth and Development, to advise on growth and development issues in the State. The Commission is comprised of 36 members who represent state and local government, private industry, and business and environmental organizations throughout the State.

Senate Bill 278, which established the Growth Commission, set forth a number of key tasks for it to accomplish, one of which is to assess and advise on the progress of state, regional, and local planning in Maryland in achieving the goals of the state economic growth, resource protection, and planning policy. This policy is expressed in a number of ways, including through the State's first plan for growth and development, PlanMaryland, accepted by Governor O'Malley in December 2011.

What this Status Check is and what it isn't

This Status Check is a general assessment of how well Maryland is doing in several major categories of smart growth, which are explained in more detail below. The information which forms the basis for this report comes from existing data already available from the Maryland Department of Planning and other State agencies. Some of this data is reported in parts in other formats, such as through State Stat, Bay Stat, and MDOT's Annual Attainment Report.

This Status Check is separate and apart from local government annual report indicators, which are submitted to the Maryland Department of Planning through the Annual Report process. Local annual reports and indicators provide some useful information relative to individual jurisdictions, however, they do not provide a comprehensive view of the State's progress toward smart growth, in part because they only cover a brief period of time (since 2009) and they have not been received from all of the State's counties and municipalities. Over time, these indicators may be more useful in painting a picture of where the State is on smart growth.

This inaugural Growth Commission Status Check on smart growth does not address every conceivable smart growth measure or indicator. Instead, it serves as a guide and a beginning effort on how smart growth is reported now and how it may be reported in subsequent years as more data becomes available.

<u>Status Check Structure and Format</u>

This Status Check looks at five major categories of smart growth and reports on progress made according to several measures within each category. The categories cover growth in Priority Funding Areas, natural resource protection, environmental quality, transportation, and economic development.

For each of these five categories, we have identified a broad goal, such as a percentage or ratio toward which we aspire. Some of these goals are identified in State strategic policy plans and/or statements. All of these goals are identified in the State development plan, PlanMaryland.

In each of these categories there are smart growth measures that are expressed in terms of how much has been accomplished as well as measures that indicate intent to implement smart growth. For example, the number of new dwelling units built in PFAs is a measure of how much, while the number of jurisdictions that have adopted Sustainable Community areas is a measure of intent to move forward with smart growth. These latter programmatic measures may change form year to year as smart growth programs change or evolve.

The status of these quantifiable measures is expressed in terms of one of three "checks".

A check minus ✓ - denotes that progress is being made but more needs to be done.

A check plus ✓ + denotes that the goal is being exceeded.

A check ✓ denotes that the goal is being met or maintained.

Status Check Categories:

Concentrating Growth
Protecting Natural Resources
Enhancing Environmental Quality
Promoting Multimodal Transportation
Fostering Economic Development

The following discussion describes, for each of these Status Check categories, why they are important from a smart growth perspective, what goal are we trying to achieve, and what types of output and programmatic measures can we look at to determine progress.

Concentrating Growth

Why this is important:
Most people living in the State reside in urban and suburban areas. These existing communities and areas adjacent to existing communities that have or are planned for infrastructure are the most optimal places for new development and redevelopment because investments in public facilities such as roads, transit, water and sewer facilities, schools, and recreational and other facilities have already been made in these areas.

Goal: What are we trying to achieve:
Focus 90% of New Dwelling Units in PFAs, 2010 to 2030

What measures can we look at to show progress:
Output Measures:
- Number of new dwelling units built in Maryland in a given time frame
- Percentage of new dwelling units built within PFAs

Programmatic Measures:
- Number of sustainable communities applications approved
- Number of jurisdictions adopting planning areas and growth tiers
- Number of jurisdictions with established Main Street programs

Protecting Natural Resources

Why this is important:
Maryland has more than 7,000 miles of coastline on the Chesapeake and Coastal Bays and the Atlantic Ocean, 23 national parks, 280,000 acres of State parks, and 600,000 acres of wetlands. About 23 percent of all land in the State is protected with conservation easements or publicly-owned open space. Protecting these natural resources is not only good for the environment, it is good for the State's economy. In 2010, 32.2 million tourists and travelers to Maryland spent $13.1 billion on travel expenses, visiting all parts of the State. The continued health and vitality of Maryland's natural resources is critical to its financial well-being.

Goal: What are we trying to achieve:
Save 300,000 Acres from being converted to development by 2030

What measures can we look at to show progress:
Output Measures:
- Amount of forested and agricultural land converted to development
- Number of acres preserved by Program Open Space (POS)
- Number of acres of farmland and resource land under easement
- Amount and Percent of Priority Preservation Areas preserved

Programmatic Measures:
- Number of Counties with certified Priority Preservation Areas
- Number of Rural Legacy Areas and Number of participating Counties

Enhancing Environmental Quality

Why this is important:
The health of Maryland residents as well as that of the Chesapeake and Coastal Bays depends on the quality of our air and water. Air and water quality is impacted by how and where we grow, how we travel, and how much and what we discharge into the Bay and its tributaries. Maintaining a healthy level of air and water quality in Maryland is important to residents' quality of life.

Goal: What are we trying to achieve:
Restore Chesapeake Bay Health
Reduce Maryland's Greenhouse Gas Emissions by 25% by 2030

What measures can we look at to show progress:
Output Measures:
- Number of WWTPs that have converted to ENR
- Number of septic tanks installed
- Population served by WWTPs that have converted to ENR
- Number of acres of cover crops

Programmatic Measures:
- Energy reduction changes contemplated
- Transportation sector changes contemplated

Promoting Multimodal Transportation

Why this is important:
In 2010, Marylanders drove more than 56 billion vehicle miles, an average of over 10,000 miles per person. That was 40 percent more than in 1990, a rate that outpaces growth in both population (19 percent) and lane-miles (8 percent) during the same period. All of that travel has a negative impact on air quality, while increasing congestion, travel time and cost for average commuters.

Goal: What we are trying to achieve:
Double Transit Ridership by 2020

What measures can we look at to show progress:
Output Measures:
- Number persons using transit
- Number of vehicle miles traveled annually
- Bicycle and pedestrian facilities on state roads
- Mode Split

Programmatic Measures:
- Programmed Funds for Bicycle and Pedestrian Improvements
- Number of jurisdictions that have bike or pedestrian plans

Fostering Economic Development

Why this is important:
Economic development in Maryland's communities helps provide a stable source of income and revenue to support services and facilities that maintain, improve and enhance the quality of life of Maryland residents.

Goal: What are we trying to achieve:
Promote Job Growth and Create a Business Friendly Environment , especially in Priority Funding Areas

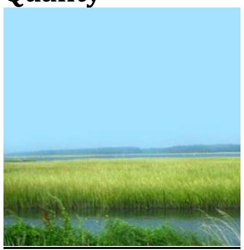
What measures can we look at to show progress:
Output Measures:
- Number of employees working in PFAs
- Number of jobs accessible by transit

Programmatic Measures:
- Investments in Enterprise Zones
- Job Creation Tax Credit Awards
- Number of Enterprise Zones

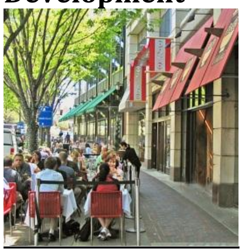
The Maryland Sustainable Growth Commission Smart Growth Status Check - January 2013

Category	Goal	Measure	Data	Comments
Concentrating Growth 	Focus 90% of New Dwelling Units in PFAs, 2010 to 2030	Quantifiable Measures Number and percentage of new dwelling units built in Maryland within PFAs	In 2006, there were 25,200 permits issued for SF and MF du's, of which 22,200 or 77.5% were in the PFA. In 2010, there were 12,123 permits issued for SF and MF du's of which 9,611 or 79.3% were in the PFA	 Progress has been made in locating new SF and MF homes in PFAs but more needs to be done
		Programmatic Measures Number of sustainable communities applications approved	In 2012, there were 25 Sustainable Communities applications approved	Progress has been made by jurisdictions adopting growth tiers and planning areas
		Number of jurisdictions adopting planning areas and growth tiers	In 2012, 61 jurisdictions adopted growth tiers and four jurisdictions adopted planning area maps	Jurisdictions are submitting Sustainable Communities applications in more targeted growth areas.
		Number of jurisdictions with established Main Street programs	There are currently 23 jurisdictions that have approved Main Street programs	Main Street programs are present in every region of the state

Category	Goal	Measure	Data	Comments
Protecting Natural and Agricultural Resources 	Save 300,000 Acres from being converted to development by 2030	<u>Quantifiable Measures</u>		-  -
		Amount of forested and agricultural land converted to development	From 2003-2007: 95,854 acres were converted to development; From 2008-2012 there were 16,334 acres converted to development	More land is being preserved through Program Open Space and more land is being placed under easement as a result of State and local conservation programs. Counties are still maintaining local preservation and rural legacy programs. More needs to be done to meet the overall goal.
		Number of acres preserved by Program Open Space (POS)	There were 357,585 acres of land preserved through POS in 2012, up from 349,271 in 2010	
		Number of acres of farmland and resource land under easement	There were 806,209 acres of farmland and resource lands under easement in 2012, up from 714,857 in 2010	
		Amount and Percent of Priority Preservation Areas preserved	In 2012 there were approx. 1,657,857 acres within Priority Preservation Areas (PPA) across 15 counties in Maryland. Within these PPAs, there were 624,324 acres of protected land; 38% of the acreage across all the PPAs is protected. This is an increase of approx 6400 acres from what was preserved in 2010.	
		<u>Programmatic Measures</u>		
		Number of Counties with certified Priority Preservation Areas	There were 14 counties with State certified PPAs in 2012	
		Number of Rural Legacy Areas (RLAs) and Number of participating Counties	There are 31 RLAs with 23 counties (not Baltimore City) participating	

Category	Goal	Measure	Data	Comments
Enhancing Environmental Quality 	Restore Chesapeake Bay Health and Reduce Maryland's Greenhouse Gas Emissions by 25% by 2020	<u>Quantifiable Measures</u> Number of WWTPs that have converted to ENR	26 WWTPs have been converted as of 2012, up from 13 in 2010	 - The number of WWTPs that have converted to ENR has doubled since 2010, thereby reducing the amount of nutrients entering the Bay from those facilities.
		Number of acres of cover crops	429,818 acres in 2012, exceeding goal of 355,000 for second straight year	More farmland is using cover crops to reduce pollution.
		<u>Programmatic Measures</u> Energy reduction changes contemplated by GHG Plan	Seek major reductions in energy use through the Regional Greenhouse gas Initiative (RGGI) and other programs	GHG emissions will need to be reduced over time through changes in energy use and transportation.
		Transportation sector changes contemplated by GHG Plan	Seek major reductions in energy use through the Transportation Technology and other programs	

Category	Goal	Measure	Data	Comments
Promoting Multimodal Transportation 	Double Transit Ridership by 2020 Goal is 640,000 daily riders	<u>Quantifiable Measures</u>		 More residents are using transit. There has been a reduction in the total amount of vehicle miles traveled and more State roads have sidewalks and bike facilities. More needs to be done to reach the goal.
		Number of persons using transit	260,485 transit users in 2007 vs. 278,720 transit users in 2011	
		Number of vehicle miles traveled annually	56.8 billion vehicle miles traveled in 2007 vs. 56.2 billion in 2011	
		Bicycle and pedestrian facilities on state roads	In 2007, 32% had sidewalks, 47% had bike facilities; In 2011, 41% had sidewalks, 52.8% had bike facilities;	
		Percent of Commute by Carpool, Transit, Walk or Bike	In 2007, 21.5% commuted by other than single occupant vehicle (SOV); In 2011, 21.8% commuted by other than SOV	
		<u>Programmatic Measures</u>		
		Programmed Funds for Bicycle and Pedestrian Improvements	From FY 12-FY 17 there was $140.6 M programmed for bike and ped improvements in the State's capital budget; From FY08 -FY13 there was $227.6 programmed for bike and ped improvements	
		Number of jurisdictions with bike and pedestrian improvement plans	19 Counties have done a bicycle or pedestrian plan. Of these, 8 have updated their plans within the past 5 yrs. 20 municipalities have done a bicycle or pedestrian plan. Of these, 15 have updated their plans within the past 5 yrs	

Category	Goal	Measure	Data	Comments
Fostering Economic Development 	Promote Job Growth and Create a Business Friendly Environment , especially in Priority Funding Areas	<u>Quantifiable Measures</u> Number of employees working in PFAs Number of jobs accessible by transit	 For 2011, 89.7% of employees worked inside the PFA The number of jobs accessible by transit in 2007 within a 45-minute commute shed (involving either auto and transit or walking and transit) is 16.1%.	- Most employees are working in Priority Funding Areas; access to transit has room for improvement
		<u>Programmatic Measures</u> Number of Enterprise Zones Investments in Enterprise Zones Job Creation Tax Credit Awards	 FY09: 29 Enterprise Zones; FY12: 30 Enterprise Zones FY09: 753 Businesses receive property tax credit totaling $26.3 million FY12: 878 businesses receive $35.4 million in FY13 FY09: 7 final certificates issued for business that created 307 new jobs. FY12: 22 final certificates issued to 11 companies, creating 1,501 new jobs.	The number of Enterprise Zones has remained stable; while investments in Enterprise Zones has increased significantly, as has job creation tax credits