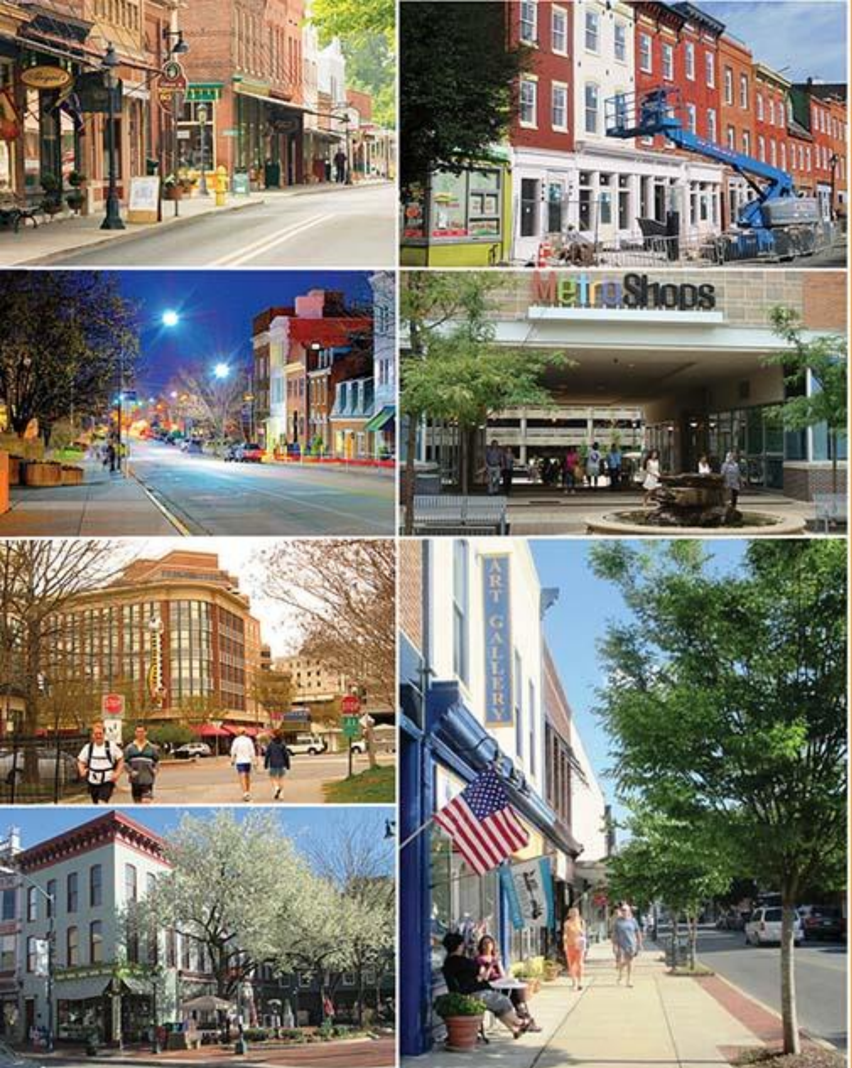
Maryland Sustainable Growth Commission



Reinvest Maryland

Accelerating
Infill
Redevelopment &
Community
Revitalization

A report of the Maryland Sustainable
Growth Commission

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The main goal of Reinvest Maryland is to support the following activities in defined areas:

- Infill - the development of vacant parcels within previously built areas.
- Redevelopment – building or rebuilding on parcels that have been previously developed, with redevelopment aiming for a higher and better use of the area for the community.
- Revitalization – instilling new life and vitality into a community through infill and redevelopment or other activities, such as building reuse and renovations, façade improvements, beautification efforts, small business loans, and special events.

What We Heard: Funding & Financing

- Infrastructure finance
- Project finance
- Soft markets
- Tax structure

Recommendations: Financial Tools

- Better use of existing funding
- Infrastructure Fund
- Investment Fund

Deploy Targeted Financial Tools

Most Frequently Cited Issues

- Many jurisdictions need to upgrade the capacity or quality of their infrastructure to attract infill, redevelopment, and revitalization.
- All jurisdictions struggle to pay for infrastructure; some fiscally constrained jurisdictions also have trouble financing the bare minimum of services, let alone repairing or upgrading infrastructure
- The cost of development is significantly higher in municipalities and unincorporated older communities.
- Infill and redevelopment costs more to build than greenfields development, necessitating more efficient use of existing resources and the development of new sources.

Deploy Targeted Financial Tools

Most Frequently Cited Issues

- Increased costs associated with redevelopment projects and community opposition make it difficult to achieve economies of scale on smaller infill and redevelopment sites.
- A project must have the ability to attract end-users that generate sufficient revenue for an acceptable level of return on investment; if not, the project is not feasible and will not (and arguably should not) be built.
- In soft market areas, future revenue streams may be so low that projects are not financially viable.
- Local tax structures factor into location decisions for residents and business owners, and are directly tied to a jurisdiction’s ability to pay for public improvements.

FIN 1. To accelerate reinvestment, the Governor and General Assembly must develop or enable new sources of funding, or better direct existing funding to support infill, redevelopment, and revitalization, including:

a. a dedicated Smart Growth Infrastructure Fund or Bank, to provide grants and low-cost financing to support infrastructure needs

b. a Smart Growth Investment Fund, to mobilize public and private capital for targeted real estate projects, continuing the work started at the direction of the General Assembly in 2013 legislation

c. a state Community Development Financial Institution (CDFI) Fund, to build the capacity of Maryland’s CDFIs, institutions that provide financial products and services to people and communities underserved by traditional banks, and to provide these institutions with more access to capital for community wealth-building, infill, redevelopment, and revitalization projects

FIN 1. (cont.)

d. expanded opportunities to use Tax Increment Financing (TIFs) at different scales by using state revenues to support TIF, providing more flexible authority to use local revenues to support TIF, allowing area-based and pay-go TIFs, structuring small-scale TIFs that are more affordable for smaller jurisdictions, and allowing TIFs to be used for a broader range of activities, including mitigation of costs related to regulatory compliance.

e. improved alignment of Highway User Revenues with projects that support infill, redevelopment, and revitalization in targeted areas

f. expanded use of New Markets Tax Credits to help make infill, redevelopment, and revitalization projects more feasible in weaker market areas, with DHCD proactively connecting state agencies and holders of New Markets Tax Credits to high value infill, redevelopment, and revitalization projects.

- FIN 2. The Smart Growth Subcabinet must work cooperativel with the Maryland Municipal Leagu and Maryland Association of Counties to develop strategies that help municipalities and counties address the cost of infrastructure maintenance and minor upgrades t support infill, redevelopment and revitalization.

FIN 3. State and local agencies must identify opportunities to reduce the scope of new construction and sizable expansion projects that do not support smart growth goals. For example, MDOT should identify opportunities to reduce the scope of state transportation projects that do not support smart growth goals, or otherwise amend their design.

FIN 4. Local jurisdictions shoul
build upon the work of the 2013
Local & Regional Transportatio
Funding Task Force and furthe
explore long-term financing
mechanisms for new or
expanded regional
transportation systems

FIN 5. The state must work cooperatively with interested local jurisdictions to determine the incentives or disincentives of local tax codes, fees, exactions and related policies and align them with infill, redevelopment and revitalization goals. Opportunities include examining how reliance on income and real property taxes influences land use decisions, what kinds of tax changes could help low-income residents stay in their homes as neighborhoods revitalize, and how adoption of split rate taxes, in which land is assessed at higher property tax rates than improvements to incentivize redevelopment of vacant lots, may benefit infill, redevelopment, and revitalization. The state, led by Commerce, and local jurisdictions should also monitor tax policies and incentives for their impact on infill, redevelopment, and revitalization.

FIN 6. The state and local governments should take steps to incorporate reinvestment considerations into current and future initiatives aimed at improving job growth.


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