Maryland Sustainable Growth Commission (March 20, 2017)

Comments on Reinvest Maryland Report – Recommendations on "Deploy Targeted Financial Tools" (without attribution)

(Commission members are encouraged to add, correct or clarify any of the comments recorded below. Please send your changes to Chuck Boyd)

- The Baltimore CORE Project should be listed as part of the financial strategies in Reinvest Maryland.
- There may be more support from the federal government to pursue the recommendation for an Infrastructure Bank given the comments made by the Trump Administration and their interest advancing infrastructure investment.
- The private sector already has a very effective infrastructure financing mechanism for development that allows them to place a first lien on the property to ensure repayment of installed infrastructure. Front-foot benefit or assessment districts can be a useful private sector financing option, which should be encouraged. The question of whether a jurisdiction must approve or enable the front-footage assessment to be paid to a third party was raised and will be investigated by staff. It was noted that this could be one of the options available to a jurisdiction, but it may not work for all jurisdictions. It was noted that banks are looking for good loans but are having a difficult time finding projects that pay back the loans.
- In terms of promoting Community Development Finance Institutions (CDFIs), should the State be propping up questionable loans? It was noted that if you don't take the financial risk in some of more challenging redevelopment areas, then maybe nothing will gets built. It was recommended that staff investigate where CDFIs are being used in Maryland and provide examples. There was general agreement that the Commission did not want to promote capacity building for CDFIs and not this recommendation in the revised Reinvest Maryland report.
- The State should help promote redevelopment by including State revenue sources in the payback of Tax Increment Financing (TIF) projects. Based on the other successfully financed road projects using TIF, this financing strategy should be enhanced where possible to promote redevelopment projects.
- There was general agreement to not include any recommendation to targeted Highway User Revenue funds.
- There is a need for more marketing of existing DHCD financing programs, including its tax credits programs, on a statewide basis to better inform communities and developers of funding opportunity for redevelopment projects.
- Finance Policy #2 should be refined to be more specific and possibly identify examples of where it has worked.

  FIN 2. The Smart Growth Subcabinet must work cooperatively with the Maryland Municipal League and Maryland Association of Counties to develop strategies that help municipalities and counties address the cost of infrastructure maintenance and minor upgrades to support infill, redevelopment and revitalization.
- It was suggested that Finance Policy #3 should be dropped from the updated Reinvest Maryland report.

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.

- No comments on Finance Policy #4. Staff was requested to send the link to this report as background information to the Commission.

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

- Finance Policy #5 should be refined to be more specific and include examples. There are a lot of state regulations that should be considered.

  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.

- Finance Policy #6 should be more specific and cite examples.

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

During the Commission's meeting on March 20, four previously prepared reports were mentioned as possible sources of information for the Commission's reassessment of the finance recommendations contained in the original Reinvest Maryland Report. As requested, below you will find the links to these reports, if you are interested in reviewing this information.

In 2011, MDOT facilitated the investigation of transportation funding by the Blue Ribbon Commission on Maryland Transportation Funding - who prepared this report.

In 2013, the Smart Growth Investment Workgroup was charged with making recommendations for design and creation of an investment fund that would encourage and support smart growth projects in targeted areas such as Transit Oriented Development and Sustainable Community Areas.

In 2013, the Local & Regional Transportation Funding Task Force was charged with making recommendations on the feasibility of creating regional transit financing entities and local–option transportation revenues for the purpose of raising additional funds to support regional and local transportation system needs throughout the State.

In 2014, the Commission's Neighborhood Stabilization and Homeownership Workgroup prepared a report entitled Homeownership for Stronger Neighborhoods Statewide.