



**Maryland**

DEPARTMENT OF PLANNING

A stylized map background with a grid of streets in white and tan, interspersed with green areas representing parks or open spaces. A blue wavy line representing a river or waterway flows through the map.

**Fiscal Year 2025**  
**Implementation of the**  
**Smart Growth Areas**  
**Act**

**Value Our Shared Heritage**

**Shape Places Where All Have the Opportunity to Thrive**

**Inform Decisions for Sustainable Growth**



# Maryland Sustainable Growth Subcabinet

## FY25 Implementation of the Smart Growth Areas Act

### The Sustainable Growth Subcabinet

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Secretary Jacob R. Day, Maryland Department of Housing and Community Development (Vice-Chair)

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Deputy Chief of Staff Shaina A. Hernandez, Governor's Office Representative

Executive Director Kathryn Howell Ph.D., National Center for Sustainable Growth Research and Education (ex officio)

The Sustainable Growth Subcabinet (subcabinet), per §9–1406(h)(1), is a select group of state agency heads or their designees charged to:

- provide a forum for discussion of interdepartmental issues relating to activities that affect growth, development, neighborhood conservation, and resource management, work together using all available resources to promote the understanding of smart growth, and
- work together to create, enhance, support, and revitalize sustainable communities across the state.

The Moore-Miller Administration is committed to fulfilling this responsibility and to ensure the subcabinet is not only dedicated to interdepartmental collaboration to advance sustainable growth in Maryland but also serve as a forum for the discussion and collaboration among state agencies and local governments to address the numerous challenges facing our communities and to help shape and enhance the built environment. The subcabinet is uniquely positioned to advance growth and development that generates economic opportunity in balance with our responsibilities of natural resources stewardship and fostering healthy, thriving communities for all Marylanders.

In addition to the state agencies mandated reporting on the implementation of the state’s smart growth policy that follows, the subcabinet held two public forums in FY25 for county and municipal elected leaders and planning officials to discuss local government issues relating to activities that affect smart growth, development, neighborhood conservation, and resource management. At the 2024 MACo summer conference, the subcabinet reported on its current work furthering its shared priorities and progress on the 2023 and 2024 legislative directives. At the December 2024 virtual public forum, the subcabinet updated elected leaders and planning officials on the 2025 action plan that will consider HOW and WHY we build in addition to WHERE we build by advancing growth that balances economic, equity, and environmental values.

As a follow up to the Sustainable Growth Subcabinet publishing The Maryland the Beautiful Act’s [\(SB 470/CH 546\) first five-year plan](#) outlining how to meet the goals in the legislation, the subcabinet approved and submitted the first annual report on the state’s progress, by the December 1 due date to the Governor and General Assembly. MDP’s [Maryland Protected Lands Dashboard](#) shows our achievement of the 30% by 2030 land preservation goal and our progress towards the 40% by 2040 goal.

T) and authorizes the Maryland Department of Transportation to use the Fund to provide financial assistance to local jurisdictions. The subcabinet is charged with designating TODs and has established designation eligibility requirements and objective scoring standards for the review of financial assistance applications. The subcabinet in July 2024 approved the TOD designation eligibility requirements and the scoring standards for financial assistance. The details of the process are posted on [MDOT’s TOD website](#).

[HB225/SB309, Smart Growth Subcabinet and Repeal of the Office of Smart Growth](#), adopted during the 2024 legislative session and effective October 1, 2024, recommits the subcabinet to collaboratively advancing sustainable growth through the designation of MDP Secretary as Chair and DHCD Secretary as Vice Chair, adding the Secretary of the Department of Emergency Management to the subcabinet, adding “equitable and resilient growth” as new values, and replacing Neighborhood “Conservation” with “Vitality”. This legislation is the first phase of the subcabinet’s sustainable growth strategy to grow Maryland’s economy in a more sustainable, resilient, and equitable manner.

[HB0286/SB0266, Local Comprehensive Planning and State Economic Growth, Resource Protection, and Planning Policy – Planning Principles](#), adopted during the 2025 legislative session and effective October 1, 2025, establishes the Sustainable Growth Policy and Planning Principles. These 8 principles modernize and replace the former 12 Planning Visions. This legislation is the second phase of the subcabinet’s sustainable growth strategy to guide Maryland's shift from Smart Growth to Sustainable Growth, a more balanced way of managing land use and development. Sustainable Growth focuses on policies that fairly address economic, social, and environmental factors for both current and future generations.

In FY25, the subcabinet sponsored the Maryland Sustainable Growth Awards, which recognize individuals, businesses, organizations, and local governments for their outstanding contributions to advancing smart, sustainable growth throughout the state. These awards celebrate projects, policies, and leadership that serve as models for others to follow. More information can be found on the [Sustainable Growth Awards program website](#).

The Maryland Sustainable Growth Subcabinet’s FY25 report on the Implementation of the Smart Growth Areas Act is submitted in accordance with Annotated Code of Maryland, State Government Article § 9-1406(i). The report summarizes growth-related program commitments of the following state agencies for FY25 to fulfill the requirements of The Smart Growth Areas Act (Annotated Code of Maryland, State Government Article § 9-1406).

Maryland Department of Commerce (Commerce)

Maryland Department of General Services (DGS)

Maryland Department of Housing and Community Development (DHCD)

Maryland Department of the Environment (MDE)

Maryland Department of Transportation (MDOT)

The law defines certain capital projects and funding activities of these state agencies as “growth-related.”<sup>1</sup> There is no statutory requirement that funding for the Interagency Commission on School Construction (IAC), or the Maryland Historical Trust (MHT) be used within Priority Funding Areas (PFAs). The IAC follows Code of Maryland Regulations (COMAR) guidelines for PFA spending.<sup>2</sup> MHT voluntarily seeks to fund projects in PFAs when possible. Expenditures are included separately for informational purposes only.

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1 Maryland Annotated Code, State Finance and Procurement Article, § 5-7B-01.

2 Code of Maryland Regulations, 14.39.02.03(c).

## Introduction

The state of Maryland, through the Maryland Sustainable Growth Subcabinet (subcabinet), is committed to making more efficient and effective investments of taxpayer dollars for infrastructure while preserving the state's rural landscape. Subcabinet coordination has reduced development pressures on critical farmland and natural areas and improved the effectiveness of state funding to spend on roads, schools, and infrastructure to sustain Maryland towns, cities, and rural areas.

In FY25, the statutory framework set out in the Smart Growth Areas Act was met by the subcabinet agencies whose programs are subject to PFA restrictions. The Smart Growth Areas Act allows agencies to seek exceptions to the law for individual projects through one of two avenues – the Board of Public Works<sup>3</sup> (BPW) or the Sustainable Growth Coordinating Committee<sup>4</sup> (SGCC).

The subcabinet is required to report annually on those exemptions.<sup>5</sup>

Six new projects were granted exceptions by the subcabinet in FY25 in accordance with the procedures prescribed in the Smart Growth Areas Act (see Appendix A, page 15) and did not violate the intent of the law. There was one exception request submitted to the BPW as noted in Appendix B.

Appendix C notes that no programs and policies were reviewed or revised to ensure compliance with the state's policy. No projects were funded under Chapter 759, § 2 of the Acts of 1997 as noted in Appendix D.

## Priority Funding Areas

The 1997 Priority Funding Areas Act (Smart Growth Areas Act) established PFAs to provide geographic focus for state investment in growth and to strategically direct the use of limited state funding for roads, water and sewer plants, economic development, and other growth-related needs. PFAs are existing communities and places where local governments want state funding for future growth. The criteria for PFAs are defined in the Annotated Code of Maryland, State Finance and Procurement Article (SF&P), §5-7B-02 and §5-7B-03. PFAs were established to meet three goals:

1. To preserve existing communities;
2. To make the most efficient and effective use of taxpayer dollars for infrastructure by targeting state resources to build on past investments; and
3. To reduce development pressure on critical farmland and natural resource areas by encouraging projects in already developed areas.

The PFAs and schools' regulation was approved in 2011 as an amendment to COMAR 23.03.02, regulations for the administration of the IAC. Local Educational Agencies (LEAs) seeking state funding to construct new schools and replacement schools that increase capacity outside of a PFA must undergo a PFA review. A waiver option is available to LEAs as part of this review process. The 2011 regulations are restricted to school construction projects seeking school site, planning, and funding approvals in the Capital Improvement Program (CIP).

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3 Maryland Annotated Code, State Finance and Procurement Article, § 5-7B-05

4 Maryland Annotated Code, State Finance and Procurement Article, § 5-7B-06. The law calls for a process to be "established jointly by the applicable state agency and the Department of Planning." Id. (See also MDP Publication No. 2010-009, "Priority Funding Area Exception and Extraordinary Circumstances Process" for more information)

5 Maryland Annotated Code, State Government Article, § 9-1406(h)(1)

## FY25 Expenditures

FY25 growth-related spending on PFA-restricted projects and programs totaled \$2,289,453,522, as reported to the Maryland Department of Planning (MDP) by the Departments of Housing and Community Development, General Services, Commerce, Environment, and Transportation.

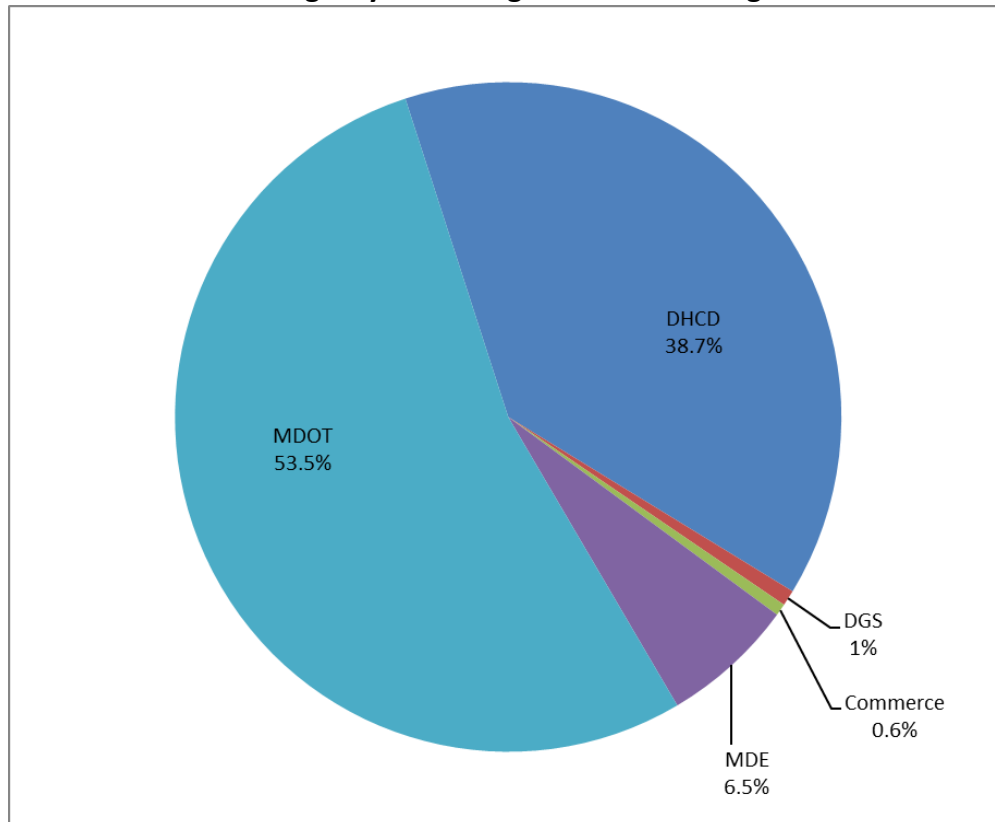
Of that amount, \$1,531,652,139, or 66.9% of growth-related spending was devoted to projects and programs within PFAs; \$82,100,719, or 3.6%, was devoted to projects outside PFAs; and \$675,700,664, or 29.5%, was devoted to MDOT projects that were not place-specific.

It should be noted that \$72.7 million (88.6%) of the \$82.1 million spent outside PFAs was associated with MDOT projects that were exempt or grandfathered from the PFA requirements or met the criteria for granting exceptions to the law, as reported by MDOT. The remaining \$9.4 million (11.4%) spent outside PFAs were devoted to two DHCD and one MDE projects, which are detailed in their sections of the report.

### FY25 Expenditures by Agency for Growth-Related Programs

Program	Total	PFA Funding	Funding Outside PFA	Not Place Specific Funding
DHCD	\$ 886,472,157	\$ 884,087,747	\$ 2,374,410	\$ 10,000
DGS	\$ 17,455,087	\$ 17,455,087	\$ 0	\$ 0
Commerce	\$ 13,201,965	\$ 13,201,965	\$ 0	\$ 0
MDE	\$ 148,102,134	\$ 141,083,192	\$ 7,018,942	\$ 0
MDOT	\$1,224,222,179	\$ 475,824,148	\$ 72,707,367	\$ 675,690,664
<b>Total</b>	<b>\$2,289,453,522</b>	<b>\$ 1,531,652,139</b>	<b>\$ 82,100,719</b>	<b>\$675,700,664</b>
		66.9%	3.6%	29.5%

### Agency Percentage of Total Funding



## The Department of Housing and Community Development

The Department of Housing and Community Development (DHCD) programs defined as growth-related and thus limited to PFAs are:

- The construction or purchase of newly constructed single-family homes by the Community Development Administration (CDA) Maryland Mortgage Program (MMP), which provides low interest mortgages to qualified first time homebuyers;
- The acquisition or construction of newly constructed multifamily rental housing (NMRH) by CDA; and
- State-funded neighborhood revitalization projects, which include funding from Community Legacy (CL), Community Investment Tax Credit (CITC), Neighborhood Business Works (NBW), and Strategic Demolition and Smart Growth Impact Fund (SGIF).

DHCD spending outside the PFA in FY25 of \$2,374,410 was for one MMP project and one NBW project. The MMP loan, approved in October 2024, is located outside the PFA. The approval was made based on the checker “in” indicated on DHCD’s PFA Mapper. DHCD staff learned recently that the subject property is in a PFA Comment Area and therefore not eligible to receive funding under MMP. PFA comment areas have subsequently been removed from PFA mapper, reducing the likelihood of future inaccuracy. The NBW award totaling \$2,100,000 to the National Community Reinvestment Coalition (NCRC) Community Development Fund, Inc. has an address outside the PFA. However, this transaction was funded under the State Small Business Credit Initiative (SSBCI) with federal funds, which are not subject to PFA requirements.

The one project financed under the Community Investment Tax Credit program for \$10,000 is technically located outside of the Priority Funding Area; however, Community Investment Tax Credit regulations permit funding of projects outside Priority Funding Areas that are intended to provide services to the Priority Funding Area. Additionally, all non-PFA project sites can only have operating costs supported via the CITC program.

Although it is not required by the Smart Growth Areas Act, DHCD also requires Community Development Block Grants to be limited to PFAs. The program is not covered by this act because it consists solely of federal funds and the law covers only state-funded projects.

### Maryland Department Housing and Community Development FY25 Expenditures by Growth-Related Program

Program	Total Projects	Total Funding	PFA Projects	PFA Funding	Outside PFA Projects	Outside PFA Funding	Not Place Specific Projects	Not Place Specific Funding
MMP	64	\$ 22,468,640	63	\$ 22,194,230	1	\$ 274,410	0	\$ 0
NMRH	18	\$ 770,368,863	18	\$ 770,368,863	0	\$ 0	0	\$ 0
CL	45	\$ 8,196,500	45	\$ 8,196,500	0	\$ 0	0	\$ 0
CITC	77	\$ 1,750,000	76	\$ 1,740,000	0	\$ 0	1	\$ 10,000
NBW	108	\$ 21,228,154	107	\$ 19,128,154	1	\$ 2,100,000	0	\$ 0
SGIF	76	\$ 62,460,000	76	\$ 62,460,000	0	\$ 0	0	\$ 0
<b>Total</b>	<b>388</b>	<b>\$ 886,472,157</b>	<b>385</b>	<b>\$ 844,087,747</b>	<b>2</b>	<b>\$ 2,374,410</b>	<b>1</b>	<b>\$ 10,000</b>

## The Department of General Services

While it has no capital budget, the Department of General Services (DGS) is responsible for acquiring, leasing, and maintaining most of the state’s facilities. It is responsible for ensuring that the state’s growth-related funding is limited to PFAs for state leases of property and land acquisition. However, the law explicitly exempts projects for “maintenance, repair, additions or renovations to existing facilities, acquisition of land for telecommunications towers, parks, conservation and open space, and acquisition of agricultural, conservation, and historic easements.”<sup>6</sup>

DGS sends every lease and project to MDP’s State Clearinghouse for Intergovernmental Assistance to ensure compliance with the Smart Growth Areas Act.

### Maryland Department of General Services FY25 Expenditures by Growth-Related Program

Program	Total Projects	Total Funding	Projects Inside PFA	Funding Inside PFA	Projects Outside PFA	Funding Outside PFA
Leases of Property	60	\$ 17,455,087	60	\$ 17,455,087	0	\$ 0
Land Acquisition	0	\$ 0	0	\$ 0	0	\$ 0
<b>Total</b>	<b>60</b>	<b>\$ 17,455,087</b>	<b>60</b>	<b>\$ 17,455,087</b>	<b>0</b>	<b>\$ 0</b>

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6 Maryland Annotated Code, State Finance and Procurement, § 5-7B-01(c)(2)(i)

## The Department of Commerce

The Department of Commerce programs, defined by the Smart Growth Areas Act as growth-related, have been renamed and/or consolidated. Programs subject to the law's restrictions include:

- The Maryland Small Business Development Financing Authority (MSBDFA), which provides financing for small businesses that do not qualify for financing from private lending institutions or owned by socially and economically disadvantaged persons;
- The Maryland Economic Development Assistance Authority and Fund (MEDAAF), which provides loans and grants to businesses and local jurisdictions;
- The Economic Development Opportunities Fund (Sunny Day Fund or SDF), which promotes Maryland's participation in extraordinary economic development opportunities that provide significant returns to the state through creating and retaining employment as well as the creation of significant capital investments in PFAs; and
- The Maryland Economic Adjustment Fund (MEAF), which assists businesses with modernization of manufacturing operations, the development of commercial applications for technology and exploring and entering new markets.

### Maryland Department of Commerce FY25 Expenditures by Growth-Related Program

Program	Total Projects	Total Funding	Projects Inside PFA	Funding Inside PFA	Projects Outside PFA	Funding Outside PFA
MSBDFA	9	\$ 4,019,038	9	\$ 4,019,038	0	\$ 0
MEDAAF	8	\$ 9,132,927	8	\$ 9,132,927	0	\$ 0
SDF	0	\$ 0	0	\$ 0	0	\$ 0
MEAF	1	\$ 50,000	1	\$ 50,000	0	\$ 0
<b>Total</b>	<b>18</b>	<b>\$ 13,201,965</b>	<b>18</b>	<b>\$ 13,201,965</b>	<b>0</b>	<b>\$ 0</b>

## The Maryland Department of the Environment

The following Department of the Environment programs are subject to PFA restrictions:

- The Maryland Water Quality Revolving Loan Fund (MWQRLF), which provides financial assistance to public entities and local governments for wastewater treatment plant upgrades and other water quality and public health improvement projects, and to public or private entities for nonpoint source pollution prevention projects;
- The Water Supply Financial Assistance Program (WSFAP), which provides financial assistance to local government entities for the acquisition, construction, rehabilitation, and improvement of publicly owned water supply facilities;
- The Supplemental Assistance Program (SAP), which provides grants to local governments for planning, design, and construction of needed wastewater facilities; and
- The Maryland Drinking Water Revolving Loan Fund (MDWRLF), which provides financial assistance to publicly and privately owned community water systems and nonprofit, non-community water systems for projects that address public health, public safety, environmental, or regulatory issues.

A PFA exception is required if any part of the project or area served by the project is outside the PFA. MDE funded one project outside of the PFA. The project of connecting 11 residential subdivisions located in environmentally sensitive areas of Talbot County to public sewer service was granted a PFA exception as deemed necessary to protect public health or safety.

### Maryland Department of the Environment FY25 Expenditures by Growth-Related Program

Program	Total Projects	Total Funding	PFA Projects	PFA Funding	Outside PFA Projects	Outside PFA Funding	Not Place Specific Projects	Not Place Specific Funding
MWQRLF	6	\$ 60,201,336	5	\$ 53,182,394	1	\$ 7,018,942	0	\$ 0
DWSFAP	4	\$ 2,682,500	4	\$ 2,682,500	0	\$ 0	0	\$ 0
SAP	1	\$ 131,300	1	\$ 131,300	0	\$ 0	0	\$ 0
MDWRLF	15	\$ 85,086,998	15	\$ 85,086,998	0	\$ 0	0	\$ 0
<b>Total</b>	<b>26</b>	<b>\$ 148,102,134</b>	<b>25</b>	<b>\$ 141,083,192</b>	<b>1</b>	<b>\$ 7,018,942</b>	<b>0</b>	<b>\$ 0</b>

## The Maryland Department of Transportation

For the Maryland Department of Transportation (MDOT), growth-related projects include all major capital projects, defined as “any new, expanded, or significantly improved facility or service that involves planning, environmental studies, design, right-of-way, construction, or purchase of essential equipment related to the facility or service.”<sup>7</sup> MDOT lists such projects as “Major Projects” in its Consolidated Transportation Program (CTP) and provides detail of the Priority Funding Area (PFA) status of each in this document. The modal administrations of MDOT whose major capital projects are subject to PFA law include:

- The State Highway Administration (SHA);
- The Maryland Transit Administration (MTA);
- The Maryland Aviation Administration (MAA);
- The Maryland Port Administration (MPA);
- The Maryland Motor Vehicle Administration (MVA);
- The Secretary’s Office (TSO); and
- Payments to the Washington Metro Area Transit Authority (WMATA)

Transportation projects that are explicitly excluded from the Smart Growth Areas Act include those pertaining to existing Maryland Transportation Authority (MDTA) facilities, studies currently in the project planning phase (pre-decisional), “minor capital projects,” and projects that preserve or rehabilitate existing facilities or services without increasing capacity.<sup>8</sup> Thirty-nine of MDOT’s major capital projects are not location-specific, meaning that they involve system-wide improvements, such as MTA’s programmatic investments in the zero-emission bus transition, MARC improvements, and core service vehicles (bus, light rail, and metro), the capital improvement program of WMATA, information technology improvements at MVA, the dredged material management program of MPA, and the Statewide Aviation Grants program administered by MAA. For SHA, the category includes the Coordinated Highway Action Response Team (CHART) and the Highway User Revenue programs.

Of the 135 major capital projects in the MDOT’s capital program for FY25, seven were considered outside the PFA. Of these, six projects outside of the PFA have been granted exceptions or grandfathered in compliance with statute.<sup>9</sup> This category includes MPA projects for ecosystem restoration and dredged material placement for: 1) the Mid-Chesapeake Bay Island Project, 2) the Paul S. Sarbanes at Poplar Island Project, 3) the Hart-Miller Island Related Projects, and for SHA projects previously approved for PFA exception or grandfathered, 4) MD 32 (Patuxent Freeway) Safety and Capacity Improvements in Howard County, and 5) MD 24 (Rocks Road) Slope Failure Project, and for SHA projects approved for PFA exception in 2025, 6) US 219 (Chestnut Ridge Road) Enhancing Accessibility and Supporting the Economy. One additional SHA project has been identified as outside the PFA and will require an exception: 7) I-97 (US 50 To MD 32) Traffic Relief/Transportation Systems and Management Operations (TSMO).

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7 Maryland Annotated Code, Transportation, § 2-103.1(a)(4)

8 Maryland Annotated Code, State Finance and Procurement, § 5-7B-01(c)(1)(i)

9 Further information on the exception process of these projects can be found in Appendix B

**FY25 MDOT Major Transportation Projects Funding  
Expended by Priority Funding Area (PFA)<sup>10</sup>**

<b>Program</b>	<b>Total Projects</b>	<b>Total Funding</b>	<b>Projects Inside PFA</b>	<b>Funding Inside PFA</b>	<b>Projects Outside PFA</b>	<b>Funding Outside PFA</b>	<b>Not Place Specific Projects</b>	<b>Not Place Specific Funding</b>
MAA	24	65,687,216	23	62,120,380	0	0	1	3,566,836
MPA	21	206,138,333	15	121,617,839	3	71,596,867	3	12,923,627
MTA	49	353,544,328	25	280,371,841	0	0	24	73,172,487
MVA	2	6,459,790	1	5,209,790	0	0	1	1,250,000
SHA	32	402,421,188	25	6,504,298	4	1,110,500	3	394,806,390
TSO	3	5,124,958	0	0	0	0	3	5,124,958
WMATA	4	184,846,366	0	0	0	0	4	184,846,366
<b>Total</b>	<b>135</b>	<b>\$ 1,224,222,179</b>	<b>90</b>	<b>\$ 475,824,148</b>	<b>7</b>	<b>\$ 72,707,367</b>	<b>39</b>	<b>\$ 675,690,664</b>

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10 Reported figures show committed funding as reflected in MDOT’s Consolidated Transportation Program. These figures present the best available approximation of actual fiscal year expenditures, although final project figures may vary slightly.

## Maryland Historical Trust Programs

While they are not required to do so by the Smart Growth Areas Act or any other law, the Maryland Historical Trust (MHT), a division of the Maryland Department of Planning, voluntarily limits certain of its programs to the Priority Funding Areas to further the aims of Sustainable Growth.

MHT gives preference to commercial applicants for the Historic Revitalization Tax Credit (HRTC), formerly known as the Heritage Structure Rehabilitation Tax Credit or the Sustainable Communities Tax Credit, whose projects are located within PFAs. The program provides Maryland income tax credits equal to 20% of the qualified capital costs expended in the rehabilitation of a “certified heritage structure.” Projects involving “certified historic structures” that are high-performance commercial buildings or have been approved to receive Low Income Housing Tax Credits, may be eligible to receive a 25% credit. Projects in a Qualified Opportunity Zone may earn an additional 5% credit (Level 1) or 7.5% credit (Level 2).

### Maryland Historical Trust FY25 Expenditures

Program <sup>11</sup>	Total Projects	Total Funding	Projects Inside PFA	Funding Inside PFA	Projects Outside PFA	Funding Outside PFA
HRTC Residential	162	\$ 1,975,310	151	\$ 1,819,696	11	\$ 155,614
HRTC Commercial	10	\$ 19,046,320	10	\$ 19,046,320	0	\$ 0
HRTC Small Commercial	9	\$ 357,466	9	\$ 357,466	0	\$ 0
<b>Total</b>	<b>181</b>	<b>\$ 21,379,096</b>	<b>170</b>	<b>\$ 21,223,482</b>	<b>11</b>	<b>\$ 155,614</b>

<sup>11</sup> Commercial, small commercial, and residential HRTC figures represent Part 2 approvals for FY25.

## Interagency Commission on School Construction

While Maryland public schools are not required by statute to be located within PFAs, the Public-School Construction Program (PSCP) follows COMAR guidelines for PFA spending. It is informative to identify the level of secondary school construction funding occurring inside and outside of PFAs to further the goals of Sustainable Growth.

Established in 1971 as an independent agency, the PSCP became staff to the Interagency Commission on School Construction (IAC) as of June 2018. IAC replaced the former Interagency Committee on School Construction, although the program remains the same. State school funding supports building replacements, renovations, additions, new construction, systemic renovations, and other improvements. While the cost to acquire land for public schools is a local responsibility, state and local governments share public school design and construction costs.

The IAC considers several factors when evaluating proposed capital improvement projects, including how the projects align with local board of education priorities, state construction procedures and procurement practices, and state and local planning and growth policies. School site approval is a prerequisite for planning approval and is valid for five years. Planning approval is required prior to funding approval for most major projects.

Information on expenditures for major public school construction projects in FY25 is shown on the chart below, which includes the annual CIP funding and the Built to Learn (BTL) Act funding. Generally, the amount of major construction expenditures inside PFAs is far greater than outside. For FY25, 90% of the total funds for major construction projects were spent within PFAs. The number of requests for projects in and out of PFAs varies year-to-year, and funding allocations on most major projects are carried out over several years.

### Public School Construction Program FY25 Expenditures by Project Type

Project Categories	Total Projects	Total Funding	Projects Inside PFA	Funding Inside PFA	Projects Outside PFA	Funding Outside PFA
New Schools	3	\$ 29,761,153	3	\$ 29,761,153	0	\$ 0
Replacement/ Addition Projects that add capacity	32	\$ 401,237,498	29	\$ 378,846,798	3	\$ 22,390,700
Major Renovations that do not add capacity	9	\$ 28,753,965	6	\$ 20,713,371	3	\$ 8,040,594
Systemic Projects	56	\$ 131,062,222	42	\$ 105,981,616	14	\$ 25,080,606
<b>Total</b>	<b>100</b>	<b>\$ 590,814,838</b>	<b>80</b>	<b>\$ 535,302,938</b>	<b>20</b>	<b>\$ 55,511,900</b>

The figures do not include design review funds which are not assigned to a specific project.



## Appendix A

### Exceptions to the PFA Law Approved by the Sustainable Growth Coordinating Committee

The Smart Growth Areas Act allows for growth-related projects located outside the PFAs to receive state funding if: “it is required to protect public health or safety;” the project involves federal funds and “compliance with [the Smart Growth Areas Act] would conflict or be inconsistent with federal law;” or it is a “growth-related project related to a commercial or industrial activity, which, due to its operational or physical characteristics, shall be located away from other development.”<sup>12</sup> The Sustainable Growth Coordinating Committee, or Coordinating Committee, the staff level working group of the Sustainable Growth Subcabinet is tasked with approving exceptions based on these criteria.

In FY25, the Coordinating Committee approved six PFA exceptions. PFA exception approval alone, however, does not ensure that projects will be funded. Specific details regarding the PFA exception approvals are as follows:

#### **August 2024 – Three Existing Single-Family Homes in Fallston (Harford County)**

MDE requested a PFA exception to allow state funding to be used to connect three single-family dwellings in the Fallston area of Harford County. The Harford County Health Department reported that the existing onsite sewage disposal systems for all three properties are currently failing. Due to limited available repair area, small overall lot size, and poor historical soil conditions in the subdivisions, there were few options for onsite sewage disposal. Connection to public sewer is in the best interest of public health and the protection of the environment as well as the best resolution for the property owners and the Health Department. If connected, sewage will ultimately be conveyed to and treated at the Sod Run Wastewater Treatment Plant.

#### **Agency Submitting Request**

MDE

#### **Grounds for Exception**

Public health or safety

#### **Funding**

Bay Restoration Fund (BRF) – Septic Connections Program, up to \$25,000 or actual cost, whichever is lower per home, Total of \$75,000 max. for the project.

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12 Maryland Annotated Code, State Finance and Procurement Article, § 5-7B-06(a)(3).

### **November 2024 – One Existing Single-Family Home in Stevensville (Queen Anne’s County)**

MDE requested a PFA exception to allow state funding for sewer service connection of an existing single-family dwelling in Stevensville. The Queen Anne’s County Health Department stated in its August 5, 2024, letter, “Our office has documented that the above referenced property has poor site and soil conditions for the disposal of wastewater via an on-site sewage disposal system. The soil classification for this parcel is Othello silt loam which has a severe rating for on-site waste disposal and is considered a hydric soil. The property's existing on-site sewage disposal system is discharging domestic waste directly into the state's groundwater. Any replacement on-site sewage disposal system would have no proper soil treatment zone and may not be expected to hydraulically function on a year-round basis. From a public and environmental health viewpoint, and considering the above comments, this office recommends connecting the above property to public sewer as a permanent solution for domestic waste disposal and to eliminate a condition of public health concern.” If connected, sewerage will ultimately be conveyed to and treated at the Kent Narrows WWTP.

<b>Agency Submitting Request</b>	MDE
<b>Grounds for Exception</b>	Public health or safety
<b>Funding</b>	Bay Restoration Fund (BRF) – Septic Connections Program, up to \$25,000 or actual cost, whichever is lower

### **February 2025 –West Nottingham Academy in Colora (Cecil County)**

MDE requested a PFA exception to allow state funding for a water supply main and any other infrastructure needed to connect the West Nottingham Academy in Cecil County to the nearby Town of Rising Sun public drinking water system, replacing the existing well water distribution system, due to the public health issue from elevated levels of PFOA or PFOS from subject property water samples collected. MDE’s Water Supply Program stated in the December 16, 2024, letter “Follow-Up: Per- and Polyfluoroalkyl Substances (Phase 4 Sampling Program) West Nottingham Academy (MD0070204): There are no enforceable national or state Maximum Contaminant Levels (MCLs) for PFAS in drinking water. However, on June 15, 2022, the EPA released updated, interim health advisories for PFOA (0.004 parts per trillion (ppt)) and PFOS (0.02 ppt). These interim health advisories follow EPA’s 2016 health advisory of 70 ppt for the sum of PFOA and PFOS. EPA’s health advisories are non-enforceable and only provide information about levels of contaminants that can cause impacts to human health from exposure across a human lifetime, including for sensitive populations. In addition to these interim health advisories, EPA is set to propose drinking water regulations for PFOA and PFOS by the end of 2022. Due to the exceedances, the MDE has issued recommendations which include the development of a Plan for reduction/elimination of these substances. The connection to the nearby Town of Rising Sun public drinking water system was determined to be the best alternative to address the public health issue.

<b>Agency Submitting Request</b>	MDE
<b>Grounds for Exception</b>	Public health or safety
<b>Funding</b>	Drinking Water Revolving Loan Program (DWRLF), \$6.7 Million

### **February 2025 – One Existing Single-Family Home in Westover (Somerset County)**

MDE requested a PFA exception to allow state funding for a sewer connection of an existing single-family dwelling in Westover. The Somerset County Health Department states in its August 6, 2024, letter, “The property currently has a failing onsite sewage disposal system. There is not a record in the file for when the current system was installed but it is currently failing. Evaluation of the property by Somerset County Health Department Staff indicated that the property cannot meet the groundwater separation requirements as specified in the Somerset County Groundwater Protection Report. A conventional septic system cannot be installed on this property.” If connected, sewerage will ultimately be conveyed to and treated at the Princess Anne Wastewater Treatment Plant.

**Agency Submitting Request**

MDE

**Grounds for Exception**

Public health or safety

**Funding**

Bay Restoration Fund (BRF) – Septic Connections

Program, up to \$25,000 or actual cost, whichever is lower

### **March 2025 – One Existing Single-Family Home in Ashton (Montgomery County)**

MDE requested a PFA exception to allow state funding for a sewer connection of an existing single-family dwelling in Ashton. The Montgomery County Department of Permitting Services stated in its December 3, 2024, letter, “T[t]he current owner of the above referenced property, has requested our assistance in getting an expedited sewer connection for the existing dwelling. The property is in sewer category S-1 and a sewer main abuts this property. I have confirmed that there is a failing septic system on the property.” If connected, sewerage will ultimately be conveyed to and treated at the Blue Plains Wastewater Treatment Plant.

**Agency Submitting Request**

MDE

**Grounds for Exception**

Public health or safety

**Funding**

Bay Restoration Fund (BRF) – Septic Connections

Program, up to \$25,000 or actual cost, whichever is lower

**May 2025 – One Existing Single-Family Home in Upper Marlboro (Prince George’s County)**

MDE requested a PFA exception to allow state funding for a sewer connection of an existing single-family dwelling in Upper Marlboro. The Prince George’s County Department of Health stated in its February 27, 2025, letter, “The Health Department has determined the current onsite sewage disposal system is failing. The property is located within Sewer Category 5 – Future Community System and will require a waiver from the Prince George’s County Department of Permitting, Inspections and Enforcement (DPIE) to change the category and connect to public sewer. Public sewer is readily available. Prince George’s County Adopted 2018 Water and Sewer Plan Chapter 5; Section 5.2.5 requires the property owner to connect to the public sewer system if it is available. Approval of the PFA Exception will provide the funding needed to address the public health and safety issue of the failing systems. If connected, sewerage will ultimately be conveyed to and treated at the Western Branch WRRF.

**Agency Submitting Request**

MDE

**Grounds for Exception**

Public health or safety

**Funding**

Bay Restoration Fund (BRF) – Septic Connections Program, up to \$25,000 or actual cost, whichever is lower

## Appendix B

### Exceptions to the PFA Law Approved by BPW in FY25

The Maryland Board of Public Works (BPW) may grant an exception to the Priority Funding Area Act in specific circumstances. As defined in statute, such exceptions can be granted where there is an “extraordinary circumstance,” such that “the failure to fund the project in question creates an extreme inequity, hardship, or disadvantage that clearly outweighs the benefits from locating a project in a priority funding area.” For transportation projects, an exception can also be granted for a project that maintains the existing system, serves to connect two PFAs, or has as its sole purpose of providing control of access on existing highways. Finally, BPW can approve an exception for a project that “due to its operational or physical characteristics, must be located away from other development.”

In FY25, there was one project, US 219 (Chestnut Ridge Road) Enhancing Accessibility and Supporting the Economy Project, approved by the BPW on May 21, 2025, for an exception to the Smart Growth Areas Act.

#### May 2025 – Proposed US 219 Improvements (Garrett County)

MDOT State Highway Administration (SHA) requested a PFA exception from the BPW to allow state funding for a growth-related project to improve US 219 (Chestnut Ridge Road) in Garrett County as an “extraordinary circumstance” consistent with the provisions cited under Article – State Finance and Procurement (SFPA), §5-7B-05 (a)(1)(i); and §5-7B-05 (a)(2)(i)(ii). A NEPA study for the entire project is currently in progress, with FHWA approval anticipated by May 27, 2025. The project includes relocating US 219 as a limited-access, four-lane divided roadway to the east of existing US 219. The 1.8-mile relocated segment in Maryland would connect to the northern terminus of the recently constructed US 219 dual roadway within the Grantsville PFA near Old Salisbury Road. The Preferred Alternative would diverge from existing US 219 near Old Salisbury Road and would be located approximately 1,000 feet east of existing US 219 at the Maryland-Pennsylvania state line. Approximately 1.4 miles of relocated US 219 would be outside of the designated PFA, between the northern extent of the PFA and the state line.

MDOT-SHA Team identified the following extraordinary circumstances exist to warrant the PFA exception:

- The failure to fund the project creates an extreme inequity, hardship, or disadvantage that clearly outweighs the benefits from locating the project in PFAs.
- There is no reasonable alternative for the project in PFAs in another location within the county or an adjacent county.

**Agency Submitting Request**

MDOT

**Grounds for Exception**

Extraordinary Circumstances

**Funding**

Appalachian Development Highway System  
(ADHS) funds, \$78 Million

## Appendix C

### **Listing of Programs and Policies Reviewed and Changed to Ensure Compliance with the State's Smart Growth Policy in FY25**

The Sustainable Growth Subcabinet, through its Sustainable Growth Coordinating Committee, meets monthly to discuss opportunities for state agencies to collaborate and improve the effectiveness of Maryland's Smart Growth policy.<sup>13</sup> In FY25, no specific programs or policies were identified that required review and change to ensure compliance with the state's policy.

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<sup>13</sup> Maryland Annotated Code, State Government Article § 9-1406.

## Appendix D

### List of Projects or Programs Approved and Funded Under Chapter 759, § 2 of the Acts of 1997 in FY25<sup>14</sup>

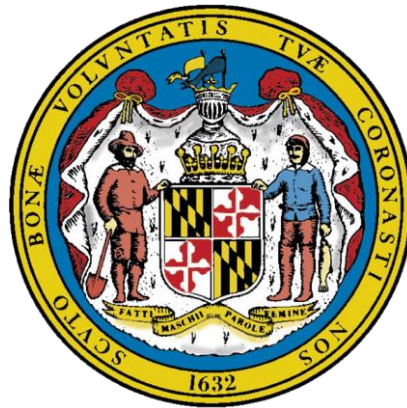
Chapter 759, § 2 of the Acts of 1997 stipulates that the PFA law shall not apply to any project or program for which:

- (a) Approval has been granted or a commitment made before October 1, 1998;
- (b) A valid permit has been issued;
- (c) A commitment for a grant, loan, loan guarantee, or insurance for a capital project has been granted;
- (d) Final review under the National Environmental Policy Act or the Maryland Environmental Policy Act is completed by October 1, 1998;
- (e) Final review through the State Clearinghouse for Intergovernmental Assistance is completed by January 1, 1999; or
- (f) An appropriation has been included by October 1, 1998 in the development and evaluation portion of the Consolidated Transportation Program.

No projects or programs were approved and funded under Chapter 759, § 2 of the Acts of 1997.

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<sup>14</sup> Maryland Annotated Code, State Government Article § 9-1406(i)(5)



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