

# MAKING IT EASIER FOR DEVELOPERS TO DO THE RIGHT THING WITH SMART GROWTH

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## Making It Easier for Developers to Do the Right Thing

*SB3/HB117 – Maryland Smart Growth Investment Fund*

### Why Is This Legislation Necessary?

Public investment in smart growth is critical to recruiting private capital and overcoming some of the barriers to high-quality, compact development in existing communities.

- Smart growth Projects Are Often More Challenging for Developers to Build than Sprawl Development: Land acquisition for infill development, which often involves multiple properties and owners, can be time consuming and require upfront investment long before project income is realized. The same is true of the development review and permitting process for complex, mixed-use projects. These issues contribute to smart growth projects being seen as higher risk. The Smart Growth Investment Fund is a resource for reducing risk and realizing smart growth projects that may not be feasible otherwise.
- Maryland Must Lead and Demonstrate a Continued Commitment to Smart Growth: To direct new development to established communities, Maryland offers a variety of grants, loans, and tax credit programs. The Smart Growth Investment Fund provides an additional tool, one designed to leverage public investment in smart growth to attract private capital.
- Focusing New Development in Existing Communities Helps Preserve Maryland's Working Rural Lands and Natural Resources: To reduce the development pressure on rural lands and areas with sensitive environmental and cultural resources, it is essential that we make it easier for developers to build in existing communities where the public has already invested in infrastructure to support development.

### What Does This Legislation Do?

This legislation is based on the work of the Maryland Smart Growth Investment Fund Workgroup, which was established in 2013 (SB965/HB117) and charged with making recommendations for the design and creation of an investment fund to support smart growth projects. Effectively the fund acts as a tool to leverage large private sector investment. Specifically, this bill:

- Requires the Governor to include a one-time \$7M appropriation for the fund in FY21 and
- Charges the Department of Commerce with selecting a private management entity to operate the Smart Growth Investment Fund.

### What Will This Legislation Cost?

For fiscal year 2021, a one-time appropriation of \$7M would be included in the Governor's annual budget.



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