

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 430

(Senator M. Washington, *et al.*)

Budget and Taxation

Environment and Transportation

Community Health and Safety Works Grant Program and Fund - Establishment

This bill codifies the existing Community Health and Safety Works Grant Program and establishes a related special fund within the Department of Housing and Community Development (DHCD). The purpose of the program is to provide financial assistance in the form of grants for eligible projects that improve the quality of life within, and economic potential of, Maryland communities by making targeted investments in crime prevention strategies, as specified. DHCD must administer the program and adopt regulations to carry out the program.

Fiscal Summary

State Effect: General fund expenditures increase by an estimated \$10.0 million annually beginning in FY 2025 to capitalize the fund, under the assumptions discussed below; special fund revenues and expenditures increase correspondingly. DHCD can administer the program using existing staff, as discussed below. Higher education revenues and expenditures increase correspondingly to the extent State institutions of higher education apply for and receive grants (not reflected below).

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SF Revenue	\$10.0	\$10.0	\$10.0	\$10.0	\$10.0
GF Expenditure	\$10.0	\$10.0	\$10.0	\$10.0	\$10.0
SF Expenditure	\$10.0	\$10.0	\$10.0	\$10.0	\$10.0
Net Effect	(\$10.0)	(\$10.0)	(\$10.0)	(\$10.0)	(\$10.0)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local government revenues and expenditures increase to the extent local governments apply for and receive grants for eligible projects, as discussed below.

Small Business Effect: Minimal or none.

Analysis

Bill Summary: The Community Health and Safety Works Grant Program consists of three types of eligible projects, each discussed in more detail below:

- facility and community improvement projects;
- business district and neighborhood security projects; and
- community-centered crime and violence intervention projects.

Facility and Community Improvement Projects

A facility and community improvement project is a physical project or a community service that (1) makes a facility or a community-managed open space safer for residents and visitors; (2) encourages the authorized uses of a facility or community-managed open space; or (3) supports community-led efforts to improve the appearance of a facility or a community-managed open space. It includes, among other things, the removal of graffiti and the purchase or installation of landscape architectural design features, as specified.

Eligible applicants are nonprofit organizations. If an eligible applicant submits an application for a grant for a facility and community improvement project to purchase or install a network of cameras or license readers, the eligible applicant must include with the application (1) a monitoring plan; (2) evidence of a partnership with law enforcement, the governmental unit responsible for traffic enforcement for the political subdivision, and any other relevant public agencies; and (3) a list of possible locations of cameras and license readers and a plan for providing notice of locations to protect owners.

DHCD may award an eligible applicant who submits a complete application for financial assistance under the program for a facility and community improvement project a grant between \$25,000 and \$50,000.

Business District and Neighborhood Security Projects

A business district and neighborhood security project is a comprehensive plan for enhancing the visual perception of safety along commercial corridors and adjacent areas. It includes, among other things, specified contracted security services or the purchase and installation of specified equipment.

Eligible applicants are nonprofit organizations, local governments, or institutions of higher education in collaboration with a local neighborhood association. If an eligible applicant submits an application for a grant under the program for a business district and neighborhood security project to purchase or install a network of cameras or license

readers, the eligible applicant must include with the application (1) a monitoring plan and (2) evidence of a partnership with local law enforcement, the governmental unit responsible for traffic enforcement for the political subdivision, and any other relevant public agencies.

DHCD may award an eligible applicant who submits a complete application for financial assistance under the program for a business district and neighborhood security project a grant between \$75,000 and \$150,000.

Community-centered Crime and Violence Intervention and Prevention Projects

A community-centered crime and violence intervention and prevention project is a comprehensive strategy that integrates partnerships and coordinated activities that (1) directly engage individuals who are at risk of becoming involved with or affected by violence and crime and (2) reduce crime and disorder, as specified.

Eligible applicants are nonprofit organizations. DHCD may award an eligible applicant for a community-centered crime and violence intervention and prevention project a grant that does not exceed \$250,000.

Community Health and Safety Works Grant Fund

The Community Health and Safety Works Grant Fund is a special, nonlapsing fund administered by DHCD. The purpose of the fund is to provide financial assistance in the form of grants under the program for eligible projects, and the fund may only be used for that purpose. The fund consists of (1) money appropriated in the State budget to the fund; (2) earnings from the investment of money in the fund; (3) interest earnings of the fund; and (4) any other money from any other source accepted for the benefit of the fund.

Current Law: The Community Health and Safety Works Program, which is administered by DHCD, was created as part of Governor Lawrence J. Hogan Jr.'s Re-Fund the Police Initiative in fiscal 2022. The program provides grants for business district or facility improvements to Main Street communities or other community development nonprofit organizations. Grants can be used for surveillance tools such as lighting and cameras; pedestrian and vehicle traffic management tools, such as landscaping, fencing, or expanding restaurant space to sidewalks and roadways; and other improvements that renovate and improve public spaces to remove signals of blight. DHCD expanded the eligible uses in fiscal 2023 to include grants for crime and violence intervention and prevention, including social services and direct outreach. The program received \$10.0 million in federal funds from the federal American Rescue Plan Act of 2021 in both fiscal 2022 and 2023 and \$10.0 million in general funds in fiscal 2024. The fiscal 2025 budget as introduced does not include any funding for the program.

Among other responsibilities, DHCD provides financing for the economic development and maintenance of affordable housing and communities in Maryland. DHCD also provides funding for community revitalization projects. As passed by the General Assembly, the fiscal 2025 capital and operating budgets include a mixture of general obligation bond funds, general funds, special funds, and federal funds for the following DHCD programs that provide assistance to homebuyers and facilitate community revitalization in Maryland:

- Strategic Demolition Fund (\$60.0 million);
- Housing and Building Energy Programs (\$38.4 million);
- Neighborhood Business Development Program (\$28.3 million);
- Baltimore Regional Neighborhood Initiative (\$20.7 million);
- Homeownership Programs (\$21.0 million);
- Special Loan Programs (\$13.4 million);
- National Capital Strategic Economic Development Program (\$19.0 million);
- Community Development Block Grant Program (\$12.0 million);
- Seed Community Development Anchor Institution Fund (\$10.0 million);
- Appraisal Gap Program (\$10.0 million);
- Downtown Partnership of Baltimore (\$9.0 million);
- Community Legacy Program (\$8.0 million); and
- Business Façade Improvement Program (\$5.0 million).

State Expenditures:

Capitalizing the Community Health and Safety Works Grant Fund

The existing program – which is codified by the bill – has been funded for three years, but the fiscal 2025 budget as introduced does not include funding for the program. Accordingly, this analysis assumes that, in the absence of the bill, the program terminates at the end of fiscal 2024.

In order to capitalize the fund, therefore, this analysis assumes that general fund expenditures increase by an estimated \$10.0 million annually beginning in fiscal 2025. This estimate is based on prior funding levels for the program, as discussed above. Special fund revenues to and expenditures from the fund increase correspondingly, assuming that the full amount of the appropriation is distributed as grants each year.

Administrative Expenses

DHCD advises that the program is currently supported by one full-time employee and one contractual employee. DHCD further advises that, in the absence of the bill, it plans to shift the full-time employee to other responsibilities within the department and retain the contractual employee to continue to monitor grant awards that have already been made under the existing program. As DHCD anticipates retaining the employees even in the absence of the bill, this analysis assumes that DHCD can oversee the program's continuation and the new fund using existing staff.

Other Effects

Higher education revenues and expenditures increase correspondingly to the extent State institutions of higher education apply for and receive grants under the bill.

Local Fiscal Effect: As discussed above, although the program has been funded for three years, funding for the program is not included in the fiscal 2025 budget as introduced. Therefore, this analysis assumes that the program terminates in the absence of the bill. As a result, local government revenues and expenditures increase to the extent local governments apply for and receive grants under the bill for eligible projects.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 874 of 2023.

Designated Cross File: None.

Information Source(s): Baltimore City; City of Annapolis; Howard and Prince George's counties; Maryland Department of Transportation; University System of Maryland; Morgan State University; St. Mary's College of Maryland; Department of Budget and Management; Department of Housing and Community Development; Department of State Police; Department of Legislative Services

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Analysis by: Thomas S. Elder

Direct Inquiries to:

(410) 946-5510

(301) 970-5510