

HOUSE BILL 1277
Department of Commerce
University of Maryland Upper Chesapeake Health
Written Testimony Before the House Health and Government Operations Committee
March 2, 2020

Ladies and Gentlemen,

Good afternoon. My name is David Baird, Managing Director of Cushman & Wakefield, Strategic Advisory Services in Baltimore. My firm was engaged by UMUCH in 2016 to conduct a comprehensive property analysis of Harford Memorial Hospital to evaluate the highest and most appropriate use of the property in the event that the hospital was to be closed. Our charge from UMUCH was to examine options for the site that didn't prioritize economic returns, but rather the positive effect on the surrounding community.

As part of this engagement we conducted a detailed 9-month analysis, including a comprehensive review of the physical property, in depth review of the economic conditions and demand drivers and extensive stakeholder interviews was completed in 2017. Our analysis concluded that the existing property was functionally obsolete and could not support the healthcare needs of the community but had the necessary physical attributes to contribute to a potential redevelopment that could enhance the quality of life in Havre de Grace. My testimony this afternoon is to share the results of that study with you for consideration of the proposed legislation.

As background, we conducted over 35 stakeholder interviews with elected leadership, the business, neighborhood and faith communities which indicated a desire for a synergistic re-development of the HMM site that increased the vitality of the City, respecting its historic residential and walkable character.

Our demand and development analysis pointed to the potential success of a moderate scale residential town center with an emphasis on amenity space and limited retail, in context with the current zoning

The raw material (location, size and market context) that the site offers, in conjunction with HdG's historic charm would be attractive to developers and capital sources, and have a positive lasting economic impact on HdG in terms of increased property tax and service fee revenue, neighborhood stability and job creation. The project would have the effect of transforming an obsolete and potentially vacant, tax-exempt asset into a long-term source of property tax revenue while enhancing the historic charm of the neighborhood.

Since our original HBU study was delivered, we have provided periodic updates, including a high-level briefing to Havre de Grace elected leadership in 2018, and our conclusions still hold

true, although the market cycle is now 4 years older, and capital for such mixed-use community projects is notoriously fickle. A positive enhancement to the property occurred in 2019, with the designation of the site (and much of HdG) as a Federal Opportunity Zone, offering investors significant savings and incentives for investing in redevelopment projects of this type. Unfortunately, those benefits decay with time, and delays in getting the project to market have already diluted the savings. 2020 is a critical window for optimizing the attractiveness of projects like HMM under the OZ legislation.

Given our 4 years of extensive analysis of this project, we respectfully suggest that the study proposed in this legislation is unnecessary and duplicative, as clear economic and community benefits have been comprehensively studied and validated. Further delays in launching the project will cripple the opportunity that exists for a transformational project that will enhance the quality of life in Havre de Grace.

Respectfully submitted,

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