



## LETTER OF INFORMATION

**Bill:** SB425 - Maryland Historic Trust – Historic Preservation Partnership Program and Fund – Established

**Contact:** Debra Borden, General Counsel

**Date:** February 15, 2023

Jordan Baucum Colbert, Government Affairs Liaison

**Re:** Letter of Information

Dear Chairman Guy Guzzone and Vice Chairman Rosapepe,

The Maryland-National Capital Park and Planning Commission (the "Commission") elects not to take a position on this bill at this time. However, the Commission respectfully requests the Budget and Taxation Committee to consider this information and include it in the record.

The Commission owns and operates a vast and unique collection of historic properties. Our historic preservation units administer multimillion-dollar budgets and works closely with colleagues across the various departments as well as external partners at the community, state and national levels to preserve rare resources and cultural treasures. The current bill provides positive changes to Maryland Historic Trust's (MHT) existing loan program, which could provide greater opportunities for historic property owners in Montgomery and Prince George's Counties to access crucial funding for rehabilitation. Similarly, the proposed partnership program could benefit the County's' historic preservation programs to the extent that the intended "Qualified Cooperating Nonprofit Organization" actively promotes and seeks participation from eligible participants and properties in the Counties.

For your consideration, we offer the following comments.

**Section (i)(5), which states that "An individual or business entity may receive a loan only if the recipient can document that private financing is unavailable."**

It is unclear what defines "unavailable" in this context, and what threshold must be met to satisfy this requirement. Is the intent for MHT to take on risk that a private lender finds unacceptable based on the applicant's creditworthiness? Does "unavailable" mean a certain number of rejected loan applications? Does it mean that the condition of the property is such that its value is inadequate for the purpose of securing a private loan? Clarifying language describing the sponsors' intent would be very helpful.

**Section (i)(6), which states that "The Trust shall ensure that no loan is made under the MHT Loan Program to acquire, restore, or rehabilitate a historic property unless the historic property is listed in or eligible to be listed in the Historic Register."**

If "Historic Register" means "National Register of Historic Places," this should be clarified. Also, would properties that have previously been the subject of a negative Determinations of Eligibility be reassessed at the time an application for the loan program is received? Many DOEs have been completed as part of compliance projects (e.g. SHA) without the benefit of in-depth research or

community engagement. As the National Register seeks to expand the diversity of resources it includes, reliance on previous DOEs may disqualify properties that embody underrepresented history from accessing crucial funds for rehabilitation.

**Section (j)(2-3), which states that MHT must be granted an historic preservation easement for real property supported by the Loan Fund, unless the state "finds that an agreement is impracticable."**

In what cases would an easement be impracticable, and what alternate means are contemplated for securing MHT's interest in properties it has supported? Would the easement be perpetual, or would it be extinguished upon repayment of the loan in full?

**With respect to the Partnership Program, Section (C)(2)(I-II), which states that MHT will establish a "competitive process" for making awards under the program, and that the Qualified Cooperative Nonprofit Organization will administer the program in a manner consistent with this process.**

The "competitive process" established by MHT should include one or more criteria to ensure equitable geographical distribution of awards among political subdivisions within the State.