

SB0906_Conversion_of_Commercial_Buildings_for_Resi

Uploaded by: Cecilia Plante

Position: FAV



TESTIMONY FOR SB0906 Housing and Community Development - Conversion of Commercial Buildings for Residential Use - Report

Bill Sponsor: Senator Augustine

Committee: Education, Energy, and the Environment

Organization Submitting: Maryland Legislative Coalition

Person Submitting: Aileen Alex, co-chair

Position: FAVORABLE

I am submitting this testimony in favor of SB0906 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists, and our Coalition supports well over 30,000 members.

MLC believes housing is a basic human right. However, Maryland is facing a significant affordable housing crisis. We also have a surplus of vacant commercial space. SB0906 offers a solution to these problems by requiring each county and Baltimore City to inventory vacant commercial buildings, develop a plan to convert vacant commercial buildings for residential use, and submit a report to the Department of Housing and Community Development on an ongoing basis.

SB0906 can lead to the possible creation of affordable housing. Affordable housing not only helps meet a basic human need but has other positive impacts. These benefits include fewer unhoused, fewer evictions, reduced poverty levels, and improved education of the children living in these developments.

Conversion of vacant commercial space can also revitalize an urban area, increase the tax base, reduce urban sprawl, create walkable neighborhoods from mixed-use developments, and utilize existing structures efficiently. Converting commercial buildings to residential use contributes to sustainable development, community well-being, and efficient land utilization.

We support this bill and recommend a **FAVORABLE** report in committee.

CDN SB906 FAVORABLE.pdf

Uploaded by: Claudia Wilson Randall

Position: FAV



Testimony SB 906
Education, Energy and Environment Committee
February 20, 2024
Position: FAVORABLE

Dear Chairman Feldman and Members of the Education, Energy and Environment Committee:

The Community Development Network of Maryland (CDN) is the voice for Maryland's community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland's urban, suburban and rural communities. CDN envisions a state in which all communities are thriving and where people of all incomes have abundant opportunities for themselves and their families.

SB 906 -Requires each county and Baltimore City to inventory vacant commercial buildings, develop a plan to convert vacant commercial buildings for residential use, and submit a report to the Department of Housing and Community Development. DHCD would establish and maintain a database of vacant commercial buildings in the State that have the potential to be converted for residential use.

According to the Maryland Housing Needs Assessment that was completed in 2021 by the National Center for Smart Growth and Enterprise Community Partners, Maryland will have to make a significant investment in housing over the next 10 years in order to keep up with economic and demographic shifts in the state. The analysis showed that the state is short 85,000 rental units for low-income households. With Maryland expected to add an estimated 97,166 low-income households by 2030, the shortage will worsen unless the state creates and preserves many more affordable homes. Thirteen of the state's 23 counties and Baltimore City don't have enough housing that's affordable to very low-income renters.

Ensuring that all families live in affordable, stable homes will improve community health outcomes, thereby reducing health care and education costs. Housing is an urgent priority for economic growth and full equitable recovery from the pandemic. Building a firm foundation for stable homes begins with policies that increase production of housing affordable to households making less than \$65,000 per year. Finding ways to convert vacant commercial space into residential use is a strategy worth pursuing.

We urge your favorable report for SB 906.

Submitted by Claudia Wilson Randall, Executive Director

SB906 - Testimony.pdf

Uploaded by: Malcolm Augustine

Position: FAV

MALCOLM AUGUSTINE
Legislative District 47
Prince George's County

PRESIDENT PRO TEMPORE

Executive Nominations Committee

Education, Energy and the
Environment Committee



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 29, 2024

Senate Bill 906 - Housing and Community Development – Vacant Office Space – Report and Plan

Dear Colleagues,

I am pleased to present **Senate Bill 906 - Housing and Community Development – Vacant Office Space – Report and Plan**, a pivotal legislative initiative that marks the first stride in our strategic endeavor to promote the adaptive reuse of underutilized commercial spaces within our state. This bill is not only an investment in revitalizing our communities but is a crucial step towards addressing the pressing issue of housing shortage.

The core objective of Senate Bill 906 is to establish a comprehensive inventory of underutilized commercial properties. This inventory will serve as a valuable resource, empowering developers, non-profit organizations, and government agencies to precisely target properties for redevelopment. By identifying and repurposing these spaces, we aim to breathe new life into our communities and simultaneously alleviate the strain on our housing market. The Biden administration, recognizing the potential in converting commercial properties to residential use, has proposed incentives to encourage such transformations. The proposed legislation aligns with these federal efforts, positioning our state advantageously to harness these incentives and effectively address our housing needs.

The proposed legislation places a considerable emphasis on initiating the process with a comprehensive inventory. This strategic planning will help us identify properties that make the most sense for conversion, considering factors such as proximity to amenities, transit-oriented development (TOD), and feasibility of structural modifications. Several areas within our state are already taking steps to track vacant properties. The City of Takoma Park, for instance, has a commendable Vacant and Blighted Property Initiative that monitors both residential and commercial properties. Additionally, Baltimore County has taken strides by establishing a user-friendly Vacant Properties Portal that is accessible to anyone interested.

Senate Bill 906 represents a critical milestone in our collective efforts to revitalize our communities and address the pressing housing needs of our residents. By establishing an inventory of underutilized commercial properties, we lay the groundwork for targeted redevelopment efforts that will not only benefit our economy but also enhance the quality of life for all Marylanders.

Thank you for your attention to this critical matter. I urge the committee to give a **favorable** report for **Senate Bill 906 - Housing and Community Development – Vacant Office Space – Report and Plan**.

Sincerely,

A handwritten signature in cursive script that reads "Malcolm Augustine".

Senator Malcolm Augustine

SB906.WKC in SUPPORT.pdf

Uploaded by: Robin Broder

Position: FAV



SB906 - Conversion of Commercial Buildings for Residential Use - Report Hearing Date: February 29, 2024

Position: FAVORABLE

To Chair Feldman and Members of the Committee,

Thank you for the opportunity to submit comments on behalf of Waterkeepers Chesapeake **in favor of SB0906**. Our state is defined by the Chesapeake and Coastal bays waterways, which contribute to our economy, and are a centerpiece of our culture and traditions in Maryland. Waterkeepers Chesapeake, and the clean water advocates across the State signed below, work to protect and restore the unique tributaries of the Bay, and work with local counties to implement best practices for the benefit of our water quality.

The Chesapeake is impaired by nitrogen, phosphorus, sediment, and bacteria. After 40 years of pollution reduction efforts in the Chesapeake Bay region, our waterways and communities are still falling short of the envisioned restoration goals. Scientists who advise on state clean-up efforts recently completed a study to understand why. The Chesapeake Bay Program's [CESR Report](#)—A Comprehensive Evaluation of System Response— names non point source pollution as our last and largest hurdle to meeting our restoration goals. Urban stormwater is the fastest growing source of nonpoint source pollution in Maryland waterways, which could cause significant conflicts as the state grapples with solutions for the ongoing housing crisis. Requiring local planning programs to prioritize redevelopment for housing, whenever possible, is an important step to reduce sprawl, minimize stormwater impacts, and increase housing for community members across Maryland.

Our state is facing both a housing and a water quality crisis. The Moore-Miller Administration has stated a goal and introduced legislation to make Maryland more affordable, particularly in housing. At the same time, reports show that we are not on track to meet our 2024 water quality goals. Development is inextricably linked to water quality - increasing the pathways for stormwater runoff pollution by increasing impervious surfaces. **Senate Bill 906 takes an effective approach towards addressing both the housing and water quality issues our communities face.**

For these reasons stated above, we urge the Committee to adopt a **FAVORABLE** report on **SB0906**.

Sincerely,

Waterkeepers Chesapeake and clean water organizations signed below:

Robin Broder
Deputy Director
Waterkeepers Chesapeake
robin@waterkeeperschesapeake.org

Elle Bassett
South, West, and Rhode Riverkeeper
Arundel Rivers Federation

Annie Richards
Chester Riverkeeper
ShoreRivers

Taylor Swanson
Assateague Coastkeeper
Assateague Coastal Trust

Sara Caldes
Severn Riverkeeper
Chesapeake Rivers Association

SB0906-EEE_MACo_SWA.pdf

Uploaded by: Dominic Butchko

Position: FWA



Senate Bill 906

Housing and Community Development - Conversion of Commercial Buildings for Residential Use - Report

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Education, Energy, and the Environment
Committee

Date: February 29, 2024

From: Dominic J. Butchko

The Maryland Association of Counties (MACo) **SUPPORTS SB 906 WITH AMENDMENTS**. This bill would require counties to inventory vacant commercial properties and then develop a plan for converting those properties to residential use. Counties believe the language as introduced is too broad and costly, but have multiple suggestions to refine the idea to enhance effectiveness and viability.

Vacancy inventories and adaptive reuse (i.e. the conversion of commercial property to mixed-use/residential) are two major issues that counties have been discussing at great length leading up to the 2024 legislative session. County leaders spent several months assessing the viability of including either of these policy prescriptions as a component within MACo's 2024 housing package, but ultimately decided against it due to the significant fiscal and workforce constraints associated with both. Counties are supportive of these concepts and individually have begun taking action where appropriate.

MACo offers the following outline of challenges local leaders see with the legislation as drafted, as well as possible paths forward to reach the intended outcome.

Challenges with Vacancy Inventories and Adaptive Reuse:

- **Project Nuances & Variability** - There are many factors that impact viability of an adaptive reuse project, and no two projects are alike. The primary determining factor for if property is a candidate for adaptive reuse is the age of the structure. Buildings constructed prior to roughly the 1950s are much easier to convert due to their layout and pre-existing infrastructure. Roughly post-1950s structures can be more difficult and likely less cost effective to convert. Additionally, in newer buildings, there are concerns around access to natural light and the impacts of no/low natural light on human health.
- **Unnecessarily Broad Scope** - The scope of analysis in this bill is greater than what would necessarily be helpful to assess prime candidates for adaptive reuse. The current language suggests that counties are to identify vacant commercial buildings and then develop plans to convert these structures. Depending on the community, there will likely be a significant percentage of structures that are simply not viable for conversion.

- **No Definition for Vacant** - The bill does not have a definition for vacant. Without a clear definition of vacant or a clear percentage threshold of vacancy, this would be impossible to implement.
- **No Coordination with Municipalities** - This bill would effectively require counties to account for commercial properties in municipalities. If the goal is for counties to incentivize adaptive reuse, it would be impossible to conduct an analysis or operate programs within the borders of a municipality.
- **Overly Burdensome Administrative Load** - While a handful of the larger counties are experimenting with vacancy inventories, in most jurisdictions, this type of inventory and analysis would represent an expense outside the bounds of departmental budgeting and staff capacity. This would either require a significant increase in staffing (in an environment where departments are already struggling to find personnel) or the use of consultants, which would add a significant fiscal burden to already limited budgets.
- **Other Factors Outside a County Control** - This bill does not consider other factors or stakeholders which may impact a project, including developers, feelings of property owners, proximity to schools, municipalities, costs, project scopes, construction and administration workforce, material availability, etc.

Possible Paths Forward:

- Establish a state program to fund the costs associated with conducting a bi-yearly vacancy inventory and to incentivize adaptive reuse.
- Require the Maryland Departments of Planning and Housing and Community Development to be the primary leaders in conducting a statewide vacancy inventory and adaptive reuse analysis, and in identifying incentives to entice developers to undertake adaptive reuse projects.
- Establish a “Commission on Addressing Vacancy & Adaptive Reuse Within Maryland” to bring together stakeholders with first-hand experience in these projects to identify policy prescriptions for incentivizing adaptive reuse.
- Expand the state tax credits related to adaptive reuse. The viability of these projects hinges on financing, and without state tax credits, it is hard to make the numbers work. By expanding the current offerings of state tax credits, the State can incentivize further development.

As drafted, SB 906 presents several challenges around applicability and implementation. Counties remain at the disposal of the Committee to help craft amendments and to continue the conversation around this important issue. For this reason, MACo urges the Committee to issue SB 906 a **FAVORABLE WITH AMENDMENTS** report.

SB 906 - Adaptive Reuse - FWA - REALTORS.pdf

Uploaded by: Lisa May

Position: FWA



Senate Bill 906 – Housing and Community Development - Adaptive Reuse

Position: Support with Amendments

Maryland REALTORS® supports efforts to increase the supply of housing options in Maryland through legislation like Senate Bill 906, to create an inventory of vacant commercial structures that could be converted into housing.

Adaptive reuse involves the repurposing of obsolete commercial spaces to provide much needed housing. It has been used successfully in many other states and cities to provide housing options in already developed areas in a way that maintains the scale and look of the neighborhood.

While some adaptive reuse projects have been completed in Maryland, much more could be done in this area. Maryland currently faces a shortage of nearly 150,000 housing units and growing. It encompasses not only what has been traditionally considered as “affordable housing” but also “missing middle” housing types. The needs have grown so large that the only option for Maryland is to change the existing means of housing production.

Conducting an inventory of possible adaptive reuse projects can aid localities in updating comprehensive or small area plans to allow for residential or mixed uses where currently only commercial uses are allowed. However, because these properties are privately-owned, we believe that there should be some notification given to the property owner or owners that their parcel is being considered for or was included in these local reports.

Maryland REALTORS® applaud efforts to ease our housing crisis and reduce our current 150,000-unit housing shortage. Adaptive reuse can play an important role in that process. We thank the sponsor of this bill and ask for your support with the above amendment for Senate Bill 906.

For more information contact
lisa.may@mdrealtor.org or christa.mcgee@mdrealtor.org

SB0906-EEE-OPP.pdf

Uploaded by: Nina Themelis

Position: UNF



BRANDON M. SCOTT
MAYOR

*Office of Government Relations
88 State Circle
Annapolis, Maryland 21401*

SB0906

February 29, 2024

TO: Members of the Senate Education, Energy and Environment Committee

FROM: Nina Themelis, Director of Government Relations

RE: Senate Bill 906 –Housing and Community Development – Conversion of Commercial Buildings for Residential Use – Report

POSITION: UNFAVORABLE

Chair Feldman, Vice Chair Kagan, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **opposes** Senate Bill (SB) 906.

This legislation would require Baltimore City and other jurisdictions to inventory vacant commercial buildings, develop a plan to convert vacant commercial buildings for residential use, and submit a report to the Department of Housing and Community Development on or before January 1, 2025. The report would be required to be updated every 2 years and require State DHCD to establish and maintain a database of vacant commercial buildings in the State that have the potential to be converted for residential use.

SB 906 would have limited usefulness in addressing the housing crisis. The data collection and reporting requirements of this Bill would require additional staff time to implement. The data required is already publicly available for properties under City control. It is unclear what problems these data collection and reporting requirements will solve or why they are necessary. Our commercial zoning categories allow for residential use and in some cases at a higher density than some of the residential categories.

BCA already has a robust Vacants Reduction Strategy in place and has made historic investments for transformative and equitable economic development in neighborhoods with high rates of vacant and abandoned properties. Almost every vacant commercial building in the City of Baltimore has the potential to be converted to residential, as a permitted use in most cases, or conditional by the Board or City Council Ordinance. The Baltimore City Zoning Code (*see ART. 32, TBL 10-301*) already allows for residential uses in commercial properties including Live-Work, Multi-Family, Rowhouse and other higher density residential uses.

If the purpose of this Bill is to re-occupy vacant buildings, our Zoning Code already allows for that in most cases. All City-owned properties that are available for purchase, including vacant residential and commercial, are currently available to the public and easily searchable on the [BuyIntoBmore site](https://buyintobmore.com).

BCA has a vested interest in balancing the uses of our Zoning categories. In some areas of the City we have a particular interest in preserving industrial and heavy commercial zoning and in other areas, expanding residential uses. This legislation is not necessary and would occupy valuable staff time to create a plan and report that may be contrary to plans already in place to address vacant buildings, or properties that we do not currently control. For these reasons, the BCA respectfully requests an **unfavorable** report on Senate Bill 906.

UPDATED_SB 0906 Housing and Community Development

Uploaded by: Jordan BaucumColbert

Position: INFO



THE MARYLAND-NATIONAL CAPITAL
Park and Planning Commission

POSITION STATEMENT

INFORMATIONAL

Bill: SB 0906 Housing and Community Development – Conversion of Commercial Buildings for Residential Use – Report

Position: Informational

Date: February 29, 2024

Contact: Debra Borden, General Counsel

Jordan Baucum Colbert, Government Affairs Liaison

Dear Chair Brian J. Feldman and Vice Chair Cheryl C. Kagan,

The Maryland-National Capital Park and Planning Commission (M-NCPPC or “the Commission”) compiled detailed comments and suggestions regarding SB 906. The Commission respectfully requests that the Education, Energy and Environment committee consider this information and include it in the record.

What this Bill Does. This bill requires each county and Baltimore City to inventory vacant commercial buildings, develop a plan to convert vacant commercial buildings for residential use, and submit a report to the Department of Housing and Community Development. This bill also requires the Department to establish and maintain a certain database; and generally relating to converting vacant commercial buildings for residential use.

Vacancy Defined. In order to conduct an inventory, “vacancy” should be defined. In addition, a source for this information needs to be located. Would this include a building with only 80% occupancy, 50% occupancy, etc. How long would it have empty space to qualify as “vacant”? How would this information be gathered? Would owners be required to respond to surveys? How would that be enforced?

Commercial Building Inventory. Determining the vacancy status of buildings requires several steps including first obtaining access to a real estate data service. These real estate databases generate reports based on various user-generated criteria such as location, asking prices, and vacancy rates. These services are reliable for assessing aggregate real estate data and trends but are incomplete at the individual building level. This work can be time consuming because it involves visiting each individual building and tracking down and contacting relevant parties. Further, leasing activity is ongoing, so a building’s vacancy status can change frequently. By the time an inventory is created, much of the information may be out of date.

Define “Conversion to Residential Use.” Often, the term “conversion” in the context of office-to-residential conversion means changing the use of the building without demolishing it. However, “conversion” could simply mean changing the use at the building site, regardless of whether the existing building was renovated or an entirely new building was constructed. This difference is important because office buildings are generally very difficult to convert to residential uses (see below “Some Buildings May Not Be Good Candidates for Conversion”). A complete “plan for converting vacant commercial buildings” should address both types of conversions—those that require demolition and those that don’t—because they each have different costs and land use implications.

Some Buildings May Not Be Good Candidates for Conversion. The buildings within the counties that may be vacant are generally owned by private companies. They often approach the Planning Departments with concerns about vacancies and many have completed design studies to assess the financial and practical realities of residential conversions. Office building floorplates are typically much larger than residential building floorplates, making it hard to design workable residential layouts. Additionally, residential units require windows, internal plumbing, and other architectural and building code details not associated with commercial/office space, therefore it is often not practical or financially feasible to do these conversions. Often, it is more effective to tear these buildings down and start over. In addition, residential units require open space and recreational areas that may not be part of existing office buildings, or the office buildings may not be located in places that are appropriate for residential development.

Determining Potential to be Converted to Residential Use. Section (B) notes that the database should include buildings that have the potential to be converted. First, see above regarding the definition of “conversion.” Second, criteria must be established to indicate potential. As noted, almost all commercial buildings likely have some potential to be converted into residential uses. However, architectural and site concerns and financial constraints must be taken into account to fully determine the building’s potential. Even if “conversion” is defined in the strict sense, meaning renovation without demolition, architectural, engineering, and construction experts must assess the building to make a determination about the potential for conversion. Jurisdictions will likely have to contract with outside experts to conduct these assessments—assuming access to the building is granted—and will need adequate funding for

these assessments. A determination of “potential” to convert also may send unhelpful signals to property owners. Many owners conduct their own assessments currently but may choose to wait if they expect the county to do it for them. They also may forego decisions to convert on their own if identification on a list means they may be able to access public funding. The potential for influencing the real estate market by making the conversion potential determination must be considered.

Clarification on Intended Plan. Because these buildings are likely owned by private interests, it is not clear what kind of “plan” the counties can create to convert them to residential. The counties already have zoning and regulations in place which would allow such a conversion of use, but owners may not find it practical or financially feasible. In the private market, if real estate owners are losing money on vacant assets, they may sell the asset or allow it to be foreclosed on by their bank. Public agencies have little influence in this process. Further actions, such as financial incentives, tax abatements, or vacancy taxes to encourage such conversions would likely require legislation and fall outside the scope of a plan.

Recommendations. The Commission recommends the sponsor work with the Maryland Department of Planning and DHCD, along with the county planning departments, to assess what information is available through existing sources to define and locate “vacant” buildings, agree upon relevant definitions, account for existing reporting requirements and determine what incentives may be proposed to encourage reuse of vacant or obsolete buildings.