

DW00
Department of Planning – Capital

Capital Budget Summary

2024 Capital Improvement Program
Grant and Loan Programs and State-owned Projects
(\$ in Millions)



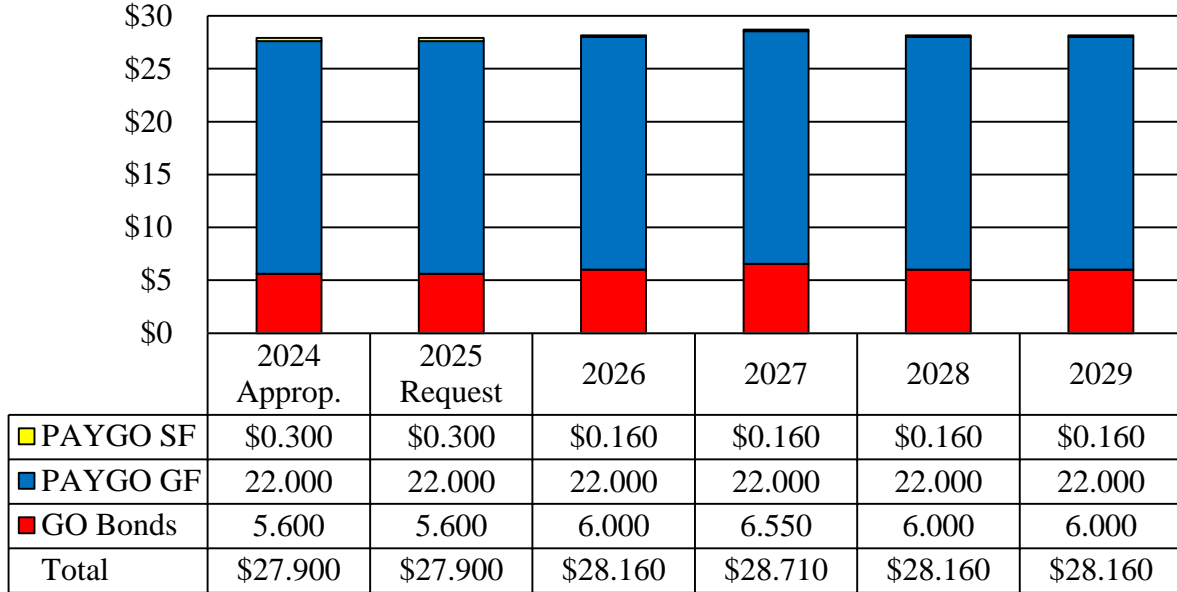
Note: The fiscal 2025 appropriation only reflects appropriations for State-owned projects that are programmed to receive funds in the 2024 Capital Improvement Program covering fiscal 2025 to 2029.

Source: Department of Budget and Management

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**2024 Capital Improvement Program
Grant and Loan Programs and State-owned Projects by Fund Source
(\$ in Millions)**



GF: general funds
 GO: general obligation
 PAYGO: pay-as-you-go
 SF: special funds

Note: The fiscal 2025 appropriation only reflects appropriations for State-owned projects that are programmed to receive funds in the 2024 *Capital Improvement Program* covering fiscal 2025 to 2029.

Source: Department of Budget and Management

Key Observations

- ***Increased Funding Enables More Support for African American History Efforts:*** The Maryland Department of Planning (MDP) supported a record 25 projects through the African American Heritage Preservation Program in fiscal 2024. Chapter 29 of 2022 increased the annual mandate for the program, eliminated the required match, and raised the per-project cap.
- ***Tax Credit Application Process Streamlined:*** In August 2023, MDP rolled out an online application process for its Historic Revitalization Tax Credit Program, following the federal government’s digitization of the federal Historic Tax Credit (HTC) Program.

PAYGO Recommended Actions

1. Concur with Governor’s allowance.

GO Bond Recommended Actions

1. Approve authorizations for the Maryland Department of Planning.

Updates

Status of Previously Funded State-owned Projects

Patterson House

Construction is ongoing at the Patterson House, located at the Jefferson Patterson Park and Museum, to improve facility conditions, remediate various issues, and prepare the site for public programming. This is the only major renovation to occur since construction of this facility, which is on the National Register of Historic Places (NRHP).

After lengthy delays, construction is expected to be completed in May 2024, with the facility opening to the public in fall 2024. MDP added 4 new positions to their operating program in fiscal 2024 to support new public programming and ongoing facility maintenance. However, the agency notes that limited parking availability may pose barriers to fully utilizing the facility, creating challenges for hosting large-scale public events or programs onsite.

Maryland Archeological Conservation Laboratory Lab Expansion

This project will renovate and expand the Maryland Archeological Conservation Laboratory (MAC Lab) at Jefferson Patterson Park and Museum, which serves as the designated repository for the State’s archeological collections. The MAC Lab provides care, collection, storage, and interpretation of the State’s archeological and historical collections and records.

Various challenges, including difficulties securing a design firm and changes to the project scope, delayed the project timeline. However, design is now complete, and construction is anticipated to commence in summer 2024. The \$19.9 million of previously authorized funds is expected to be sufficient to complete the project. Construction is anticipated to be completed in late calendar 2025 or early 2026. The agency added 1 new position in fiscal 2024 and another is proposed in fiscal 2025 to support interpretation and analysis of additional collections at the facility. Other impacts to the operating budget, which total \$1.6 million over the six-year program, include costs associated with moving and storing current collections in preparation for construction.

One State-owned Project in the *Capital Improvement Program*

Asbury House Renovation

The *Capital Improvement Program* (CIP) programs \$550,000 in general obligation (GO) bonds in fiscal 2027 to design and construct a renovation of the Asbury House, a historic property located in Jefferson Patterson Park and Museum. A recent evaluation of the property revealed the need for a comprehensive rehabilitation in order for the property to be suitable for public rental.

Budget Overview of Grant and Loan Programs

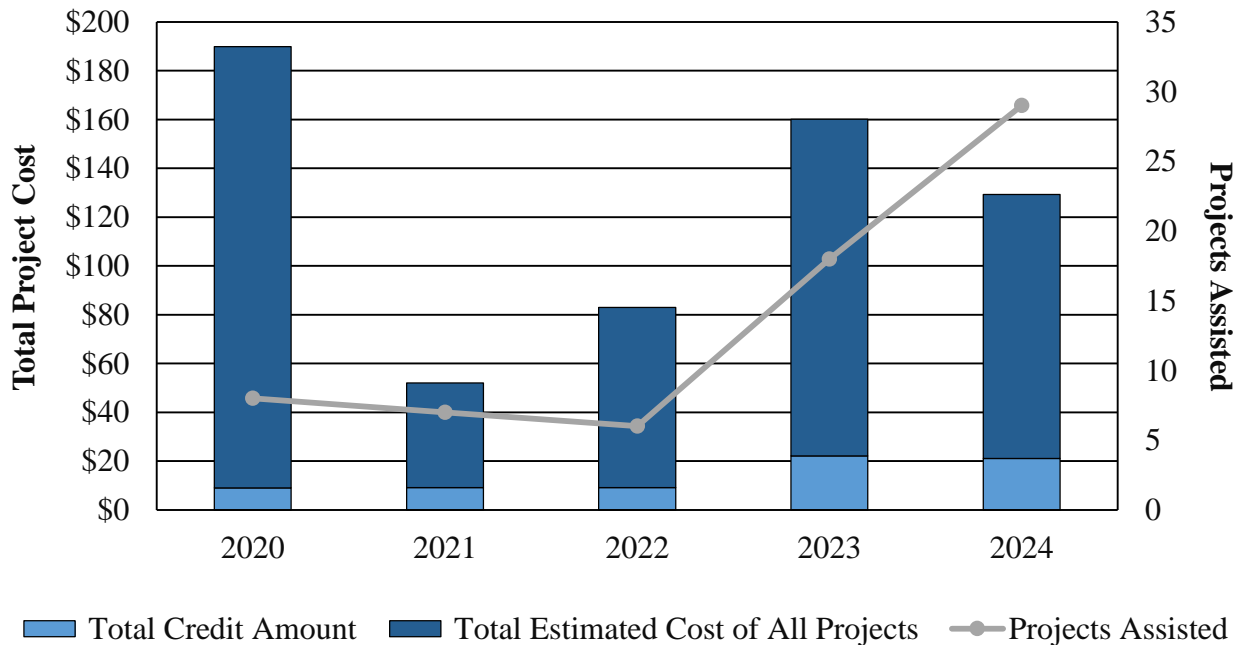
The department oversees four capital grant and loan programs: the Historic Revitalization Tax Credit Program, the Maryland Historical Trust (MHT) Loan Program, the MHT Capital Grant Program, and the African American Heritage Preservation Program. These programs work toward the department’s mission of protecting and interpreting historic properties by supporting nonprofit organizations, local governments, and individuals in preserving historical resources throughout the State. The fiscal 2025 request includes \$22 million for the Historic Revitalization Tax Credit Program; \$300,000 for the MHT Loan Program; \$600,000 for the MHT Capital Grant Program; and \$5 million for the African American Heritage Preservation Program.

Historic Revitalization Tax Credit Program

Program Description: The Historic Revitalization Tax Credit Program seeks to incentivize private sector investment in the rehabilitation and reuse of historic buildings and to promote investment in local economies. Through the homeowner, competitive commercial, or small

commercial tax credit programs, owners of certified historic properties may receive a State income tax credit to cover a portion of qualifying rehabilitation expenses. Chapter 449 of 2022 amended the program to mandate \$20 million annually for competitive commercial credits from fiscal 2023 through 2031. The Act also established a small commercial project account, beginning in fiscal 2024, which has a \$2 million annual mandate. As shown in **Exhibit 1**, these changes have allowed the program to support more than double the number of projects annually compared to previous years.

Exhibit 1
Historic Revitalization Tax Credit Program Awards
Fiscal 2020-2024
(\$ in Millions)



Source: Maryland Department of Planning, Department of Legislative Services

The fiscal 2023 list of projects and credits awarded can be found in **Appendix 1**.

- **Implementation of Digitized Application Process:** Committee narrative adopted in the 2023 *Joint Chairmen’s Report* requested that MDP report on the status of implementation of a digitized application process. Previously, applicants were required to mail hard copy forms, including photographs, resulting in significant logistical burdens and time delays for both applicants and agency staff. The agency was pursuing transitioning to a digital application and review process while the National Park Service (NPS) was doing the same

with the companion program on the federal level, the HTC. Because many applicants seek funding from both programs, MHT timed release of its new process with the NPS's digitization effort to avoid unnecessary confusion. After a lengthy development process, including participation and feedback from various state historic preservation offices, including MHT, NPS completed the transition to online application submission and review procedures in August 2023. That same month, MHT began accepting applications online for State tax credits and distributed information about the new processes to constituents via website, press releases, and social media. The electronic application system was developed in-house using existing resources, with no budgetary impact to the State. MDP has received positive feedback from applicants regarding the increased efficiency of the system.

Maryland Historical Trust Loan Program

Program Description: The MHT Loan Program provides loans to nonprofit organizations, local jurisdictions, business entities, and private individuals for the purpose of acquiring, rehabilitating, or refinancing all categories of real property listed in or eligible for listing in the Maryland Register of Historic Places. The budget provides \$300,000 in special funds for fiscal 2025, which is the same amount appropriated for fiscal 2024 after accounting for a budget amendment that increased the appropriation from \$150,000 to \$300,000.

- ***Impact of Authorized Fund Transfer:*** The program currently has a portfolio of 10 existing loans and 1 pending loan. This small loan portfolio results in the program periodically requiring capitalization from general funds or GO bonds to supplement loan repayment revenues, which average \$170,000 annually. Chapter 203 of 2023 authorized MHT to transfer funds to qualifying nonprofit organizations. The Act stipulates allowable uses for funds received by nonprofits under this provision, including the acquisition and rehabilitation of historic properties. MHT anticipates making one such transfer of \$300,000 in fiscal 2024. However, this transfer will reduce the fund balance and increase the likelihood that the State will need to supplement the program with general funds or GO bonds in the future. In August 2023, the budget committees approved a budget amendment making \$150,000 in special funds available from the program's fund balance to facilitate the transfer during fiscal 2024. **MDP should brief the committees on the timing of the transfer and what role the department and MHT will serve in ensuring the funds are used in accordance with the State's preservation goals.**

Maryland Historical Trust Capital Grant Program

Program Description: The MHT Capital Grant Program provides grants to nonprofit organizations, local jurisdictions, business entities, and individuals to assist with the acquisition, rehabilitation, or restoration of properties listed or eligible for listing on NRHP. Nonprofit organizations and local jurisdictions may also receive funding for predevelopment costs directly associated with a project to rehabilitate or restore historic properties. The fiscal 2025 budget

provides \$600,000 of GO bonds, which is the same amount appropriated in fiscal 2024. The fiscal 2023 list of projects and grants awarded can be found in **Appendix 2**.

- **Changes:** Beginning in fiscal 2026, the program is programmed to receive an annual appropriation of \$1 million in GO bonds, a \$400,000 annual increase. As shown in **Exhibit 2**, an average of 19% of applicants each year receive support due to the fiscal constraints of the fund. This increase in funds should enable a greater share of applicants to receive project funding.

Exhibit 2
MHT Capital Grant Applicants and Awards
Fiscal 2019-2023

<u>Year</u>	<u>Funds Requested</u>	<u>Applications Received</u>	<u>Grant Funding Awarded</u>	<u>Requested Funds Awarded</u>	<u>Applicants Assisted</u>
2019	\$3,483,500	49	\$600,000	17%	20%
2020	2,765,000	42	600,000	22%	24%
2021	2,651,500	31	600,000	23%	19%
2022	3,359,750	39	600,000	18%	18%
2023	4,099,081	56	600,000	15%	13%

MHT: Maryland Historical Trust

Source: Maryland Department of Planning, Department of Legislative Services

- **Legislation Introduced to Fund Museum Grants:** SB 616 of 2024 would authorize, but not mandate, the Governor to provide \$5.0 million annually for grants under the Historical and Cultural Museum Assistance Program within the MHT Capital Grant Program. If the legislation is enacted, additional staff would be needed to administer the grants.

African American Heritage Preservation Program

Program Description: The African American Heritage Preservation Program supports local government and nonprofit organizations in identifying and preserving buildings, communities, and sites of historical and cultural importance to the African American experience in Maryland. This competitive grant program is administered by MHT in conjunction with the Maryland Commission on African American History and Culture (MCAAHC).

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- ***Increased Mandate:*** Chapter 29 increased the mandated appropriation for this program from \$1 million to \$5 million annually. While the Act increased the maximum per-project cap to \$500,000, MCAAHC made the decision to increase the cap from \$100,000 to \$250,000. Chapter 29 also eliminated the matching requirement. The agency notes that, taken together, these changes should assist projects to move toward completion more quickly than in prior years. Awards for fiscal 2024, the first year in which these changes were implemented, were announced in January 2024. The maximum amount of \$250,000 was provided to 13 of the 24 projects that received awards in fiscal 2024.

- ***Encumbrances and Expenditures:*** Delays in timely expenditures of program funds is reflective of local governments and organizations that struggle to complete their projects for reimbursement.
 - Cost increases related to inflationary pressures and/or pandemic-related delays may make it difficult for grantees to complete projects. Some grantees who received previous funding have reapplied to secure additional support needed to finish construction; in other situations, applicants are seeking funding for a different project on the same property.

 - In addition to insufficient funding, grantees, particularly those outside the Washington D.C. – Baltimore metropolitan area, often struggle to secure and retain contractors to complete the work. However, MDP is optimistic that larger awards will attract quality contractors and result in more organizations completing their projects.

- ***Projects Selected:*** The fiscal 2024 list of projects and grants awarded, including the delineation of facilities that received funding in a previous grant cycle, can be found in **Appendix 3**.

Appendix 1
Historic Revitalization Tax Credit Projects
Fiscal 2024

<u>Project</u>	<u>County</u>	<u>Estimated Project Costs</u>	<u>Credit Amount</u>
Competitive Commercial			
North Avenue Market	Baltimore City	\$23,910,933	\$4,782,187
Kaufman Fireproof Storage	Baltimore City	13,011,840	3,252,960
National Enameling & Stamping Co.	Baltimore City	25,000,000	2,768,272
Mt. Royal Mansion	Baltimore City	10,000,000	2,500,000
Baltimore Greyhound Station	Baltimore City	10,626,684	2,125,337
PS 101-Paul Laurence Dunbar Elementary School Annex	Baltimore City	8,672,086	1,734,417
McCleave Building	Allegany	5,600,000	1,400,000
Harrington & Bayly Building	Dorchester	4,000,000	1,000,000
The Johnson Building	Dorchester	2,090,000	418,000
The Diamond Building	Allegany	1,522,750	380,688
Subtotal		\$104,434,293	\$20,361,860
Small Commercial			
439 E 22nd St.	Baltimore City	\$250,000	\$50,000
448 E 22nd St.	Baltimore City	250,000	50,000
450 E 22nd St.	Baltimore City	250,000	50,000
432 E 22nd St.	Baltimore City	250,000	50,000
Gardens of Guilford	Baltimore City	250,000	50,000
The Doll House on Carroll Creek	Frederick	250,000	50,000
818 Locust St., Cambridge	Dorchester	250,000	50,000
806 Locust St., Cambridge	Dorchester	250,000	50,000
Middleton Tavern, Annapolis	Anne Arundel	250,000	50,000
260 King George St., Annapolis	Anne Arundel	250,000	50,000
723 N Patterson Park Ave.	Baltimore City	240,198	48,040
4049 34th St, Mount Rainier	Prince George's	235,350	47,070
715 N Patterson Park Ave.	Baltimore City	214,434	42,887
Humbird House	Allegany	183,281	36,656
1600 Park Ave.	Baltimore City	125,000	25,000
159 W. Lanvale St.	Baltimore City	104,094	20,819
Grand United Order of Odd Fellows Lodge Hall	Talbot	95,653	19,131
Manor Mill	Baltimore County	41,000	8,200
8358 Main St, Ellicott City	Howard	21,188	4,238
Subtotal		\$3,760,197	\$752,039
Total		\$108,194,490	\$21,113,899

Appendix 2
Maryland Historical Trust Capital Grant Funded Projects
Fiscal 2023

<u>Project</u>	<u>County</u>	<u>Grant Amount</u>
Cambridge Municipal Building	Dorchester	\$100,000
Cottage City and Colmar Manor Fire Department	Prince George’s	100,000
First and Franklin Presbyterian Church	Baltimore City	100,000
Lloyd Street Synagogue	Baltimore City	100,000
Pikesville Armory – Edwards Building	Baltimore County	100,000
Third Haven Meeting House	Talbot	100,000
Wye Mill	Queen Anne’s	4,000
Total		\$604,000

Appendix 3
African American Preservation Grant Program Projects
Fiscal 2024

<u>Project</u>	<u>County</u>	<u>Grant Amount</u>	<u>Prior Grant Amount (Year)</u>
Upton Mansion	Baltimore City	\$250,000	
American Legion Mannie Scott Post 193 Building	Caroline	250,000	
Brewer Hill Cemetery	Anne Arundel	250,000	
Brown’s United Methodist Church Multi Cultural Heritage Center, Inc.	Calvert	250,000	
Bryan’s Chapel and Cemetery	Queen Anne’s	250,000	
Buffalo Soldier Living History Site	Wicomico	250,000	\$74,000 (2023)
Grasonville Community Center	Queen Anne’s	250,000	
Malone Methodist Episcopal Church	Dorchester	250,000	
Henry’s Hotel	Worcester	250,000	
Yellow/Hearse House	Kent	250,000	
Bellevue Passage Museum	Talbot	250,000	56,000 (2022)
American Hall	Washington	250,000	
Two Sisters’ House (Caulkers' Houses)	Baltimore City	250,000	100,000 (2019) 100,000 (2013)
Historic Oliver Community Firehouse	Baltimore City	247,000	100,000 (2021)
Charles "Hoppy" Adams Jr. House	Anne Arundel	245,000	
Locust United Methodist Church	Howard	233,500	
Fruitland Community Center	Wicomico	203,000	44,000 (2020)
Mt. Calvary United Methodist Church - Meeting Hall and Cemetery	Anne Arundel	186,000	86,000 (2023)
Robert W. Johnson Community Center	Washington	150,000	100,000 (2020)
Jones & Moore Luncheon/Bambricks Cards & Gifts	Dorchester	138,000	
James Stephenson House, Enslaved Quarters	Harford	119,000	
Ridgley Methodist Church and Cemetery	Prince George’s	111,000	50,000 (2023)
Scotland A.M.E. Zion Church	Montgomery	104,000	100,000 (2021)
Bushy Park Community Cemetery	Howard	63,500	
Total		\$5,050,000	