Reinvest Maryland: Accelerating Infill, Redevelopment, and Community Revitalization

Draft Report
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Introduction

Maryland’s smart and sustainable growth efforts must focus on making wise use of the state’s finite land and irreplaceable natural resources. As stewards for future generations, we must avoid sprawling out into precious farms and forests, and instead reinvest in our existing communities throughout the state. Under the banner of “Reinvest Maryland”, this report of the Maryland Sustainable Growth Commission makes recommendations for investment in Maryland’s existing communities and also provides corresponding community profiles, national models, best practices, and a toolbox of state programs.

Maryland is often called “America in Miniature” because of the diversity of our people, our landscape, our environment, and our communities. From Oakland to Ocean City, Marylanders overall enjoy an enviable quality of life. However, Maryland is the fifth most densely populated state in the country and it is projected to grow by 1 million people and 800,000 new jobs in the next 30 years. This means we have to grow smarter in order to accommodate this growth, while maintaining our high quality of life, including vibrant communities, sufficient farm and forest land, and healthy streams, rivers, and the Chesapeake and Coastal Bays.

Increasing the share of growth that goes to currently-developed areas is not a lofty or unattainable goal. Analysis of land use and zoning demonstrates that Maryland has an adequate supply of land to accommodate all of the projected growth within Priority Funding Areas, a geographic designation established by the 1997 Priority Funding Areas Act which indicates areas targeted for state funding of
growth-related infrastructure – and this conservative estimate does not account for much of the infill and redevelopment opportunities within them.

Over the past 10 years, approximately 80 percent of residential units built in Maryland were located in Priority Funding Areas. The share of homes built in these areas has increased slightly over the past few years, after declining for roughly 25 years. As articulated in PlanMaryland, a statewide growth policy, the state’s goal is for 90 percent of residential growth to occur within Priority Funding Areas.

Not only is reinvestment economically and environmentally responsible, but there is also a strong market for it. Demand for more compact, walkable communities is on the rise, fueling a well-documented movement back to towns, older suburbs, and cities. According to a recent study by the George Washington University School of Business, in the 30 largest metropolitan areas office rents in walkable urban places enjoy a 74 percent premium over rents in auto-oriented places, or 44 percent if New York City is excluded.¹

In a recent article, Bruce Katz and Julie Wagner of the Brookings Institute discuss the shift in the location choices of cutting-edge businesses from isolated corporate campuses to more physically compact, mixed-use communities. Several factors account for the trend, including companies’ need to locate near talent and the fact that “now more than ever, talented workers want to live in cities. For millennials especially, ‘quality of life’ increasingly means proximity to urban amenities such as restaurants, retail, cultural, and social venues.”² More locally, The Daily Record reported on the ongoing transformation of Columbia and Towson into more walkable places, where developers are capitalizing on millennials’ and baby boomers’ interest in a more convenient, social and affordable lifestyle.³

Consistent with this trend, over the last five years 70 percent of Maryland’s population growth has occurred in the four inner suburban counties of Anne Arundel, Baltimore, Montgomery, and Prince George’s, and in Baltimore City. On the Eastern Shore and in Western Maryland, some of the most vibrant, walkable communities, including Cambridge, Easton, Hagerstown, and Salisbury, have maintained or increased their population. The state has also experienced a shift to more multi-family housing. In the last three years, 39 percent of new housing units were apartments and condos, compared to 23 percent in the three years before the recession.

Reinvestment is also compelled by Maryland law and policy, furthering the state’s 12 Planning Visions enacted into law in 2009 [insert text box with 12 visions].

Yet, despite all of these compelling economic and environmental reasons, and the presence of a growing market, reinvestment is difficult to achieve. Financial, regulatory and policy barriers make redevelopment more challenging than sprawl. In short, accelerating reinvestment in Maryland’s existing communities will not happen without a deliberate effort.

In January 2014, Governor Martin O’Malley and Lieutenant Governor Anthony Brown asked the Maryland Sustainable Growth Commission to help spur reinvestment in Maryland’s existing communities, reminding us that “we need to protect the Chesapeake Bay, its rivers and streams, preserve farmland and forestland, and at the same time accommodate 1 million new Marylanders and 600,000 jobs over the next 25 years. Common sense tells us that much of this growth should be infill and redevelopment in areas where there is already significant public investment in infrastructure.”

The Governor and Lieutenant Governor asked the Commission to make recommendations “specifically to accelerate Maryland’s infill, redevelopment, and revitalization efforts”, which the Commission has defined as follows:

- “Infill” – the development of vacant parcels within previously built areas.
- “Redevelopment” – building or rebuilding on parcels that have been previously developed, with redevelopment aiming for a higher and better use of the area for the community.
- “Revitalization” – instilling new life and vitality into a community through infill and redevelopment or other activities, such as building reuse and renovations, façade improvements, beautification efforts, small business loans, and special events.

Reinvestment through infill, redevelopment, and revitalization is relevant to urban and older suburban communities, cities, and towns throughout Maryland, whether municipalities or unincorporated places. Local contexts will influence the look, feel, and scale of growth, ranging from the rehabilitation and reuse of a single building – a small business opening on a main street in a town in Western Maryland or the Eastern Shore – to projects encompassing many acres or blocks – high-density, mixed-use development next to a metro station in Montgomery or Prince George’s County.

to the Commission, identified three “building blocks” that exist in urban, suburban or rural communities where state and local revitalization investment have produced substantial results:

- a specific local target area
- a comprehensive, multi-year investment strategy and plan
- strong local leadership that remains focused on implementing the plan

In response, the General Assembly, with support from state agencies and local stakeholders, passed the Sustainable Communities Act of 2010. Among other things, the Act called for a new shared approach to planning for and investing in revitalization priorities, which has been implemented as the Sustainable Communities program.

Undeniably, state and local governments share responsibility for facilitating reinvestment in Maryland communities:

- Local governments establish and implement land use policy with guidance from state standards.
- The state and local governments collaborate on the designation of Priority Funding Areas and Sustainable Communities, which are targeted for growth and revitalization.
- Local governments can designate Targeted Growth and Revitalization Areas, which are based in policy as part of the PlanMaryland framework for growth.

In addition to supporting reinvestment through sound land use planning, state and local government share responsibility for targeting resources to reinvestment areas, and encouraging and incentivizing the private sector to invest.

In fact, this shared responsibility is the foundation of PlanMaryland. Maryland’s statewide growth policy, PlanMaryland encourages state and local governments to work collaboratively to identify places where growth, revitalization and resource conservation should occur. With the goals identified and the places mapped, PlanMaryland then encourages state and local governments to make policy, budget, and regulatory decisions that consistently reinforce place designations, support the stated goals, and signal to the private sector where it makes sense to invest.

Under the banner of “Reinvest Maryland”, this report responds to the Governor and Lt. Governor by providing a blueprint for reinvestment in Maryland’s existing communities.

Throughout this report, a few closely related and often overlapping types of targeted areas are noted:

- **Priority Funding Areas (PFAs)** – Established by 1997 legislation, these areas mostly coincide with local governments’ growth areas, which are also areas with central sewer service. Development patterns in PFAs range from urban areas to small towns and suburban-scale
residential development. It is also worth noting that 37% of the state’s PFA land area is of low density or undeveloped land uses.

- **Targeted Growth and Revitalization Areas (TGRAs)** – A designation in PlanMaryland, these are areas within PFAs that are targeted by state and local governments for development and redevelopment.

- **Sustainable Communities (SCs)** – Established in 2010 as part of Smart Green and Growing legislation, these areas are designated by local governments and reviewed and mapped by the state. In September 2014, there are 73 Sustainable Communities throughout the state.

Throughout this report, the term “targeted areas” refers to Sustainable Communities and where Sustainable Communities are too limiting, to Targeted Growth and Revitalization Areas.

**Recommendations**

The Commission’s Reinvest Maryland recommendations reflect extensive outreach to stakeholders throughout the state, including interviews or meetings with:

- local planners, practitioners, and elected officials
- stakeholders in case study communities
- the Maryland Planning Directors’ Roundtable, a group of planning directors
- representatives from transit, housing, community, small business, environmental, and historic preservation organizations
- builders/developers and elected officials convened by the Urban Land Institute
- transit-oriented development practitioners
- the Maryland Municipal League and Maryland Association of Counties
- national experts on infill and redevelopment
- leaders of the Partnership for Building Reuse, a project of the Urban Land Institute and the National Trust for Historic Preservation

The Commission also conducted a web-based survey to elicit responses from the general public, and it reviewed numerous recommendations from prior reports relevant to the subject.

Our recommendations are organized and broadly summarized as follows:

A. **Establish a Vision for Reinvestment:**
• Infill, redevelopment, and revitalization will not succeed unless part of a broader vision for reinvestment in existing communities, and a commitment to support this vision with growth policies, funding, education, and technical assistance.

• Local governments must establish a clear vision for reinvestment in targeted areas, and the state and local governments must together make their commitment to reinvestment clear by targeting investments, budgets, regulatory authority, actions, and resources to support this vision over the long term.

• The state must develop a “Reinvest Maryland” brand and accompanying communications, marketing and education strategies.

B. **Create and Better Fund Innovative, Effective Reinvestment Programs:**

• Maryland’s core revitalization programs are well-regarded and effective, and many local jurisdictions have their own analogous and complementary programs, but a higher level of investment and better strategic alignment and coordination is needed to achieve their full potential.

• This report recommends many new tools and ways to strengthen specific programs, none more important than the establishment of a Reinvest Maryland aggregate funding source of at least $100 million annually, along with better access to such increased funds. Local governments, too, must develop and/or strengthen their reinvestment programs.

• Both state and local government should pay careful attention to programs that support small businesses, because of their critical role in successful community revitalization and reinvestment.

C. **Identify and Address Regulations and Policies which may Impede Reinvestment:**

• The state and local jurisdictions must identify and address regulations that inhibit reinvestment in our communities and instead lead to development in greenfields and unwanted sprawl.

• To make reinvestment easier to achieve than greenfield development (while still protecting public health and safety, and the environment), state and local governments must improve regulatory review and business permitting processes and address continuing concerns about codes and requirements that may make reinvestment more difficult.
D. **Deploy Targeted Financial Tools:**

- Faced with limited resources with which to support development, the public sector must make choices regarding where to direct these resources, and its decisions can either facilitate or derail efforts to attract infill, redevelopment, and revitalization. Infill and redevelopment also costs more to build than greenfields development, necessitating more efficient use of existing resources and the development of new sources.

- The state and local governments must use existing resources more efficiently and develop or enable creative and effective financial tools to support targeted reinvestment priorities.

- In addition to targeting existing funds to support reinvestment, more efficient use of funds includes identification of opportunities to reduce the scope of projects that do not support smart growth goals. Proposed new or expanded sources of funding include a state infrastructure fund, a state investment fund, a state Community Development Financial Institution Fund, Tax Increment Financing, and New Markets Tax Credits.

E. **Promote Equitable Development:**

- Marylanders of all incomes and backgrounds should be able to live in healthy, vibrant, and safe communities, with access to jobs, services, and great public amenities.

- We must proactively ensure that Marylanders of all incomes and all backgrounds benefit from state and local reinvestment activities.

- State and local governments must work together to make communities better places to live for all Marylanders, whether that means addressing quality of life issues, strengthening the social fabric of the community, better access to jobs, or providing new sources of affordable housing in places that currently lack a sufficient supply.

F. **Community Design and Preservation:**

- Development patterns and design over the past half-century have too often resulted in communities that are not particularly attractive or functional.

- The state and local governments must work with community leaders to help them preserve unique community character and historic assets and integrate new investment
within the existing community fabric, while also facilitating and encouraging new investment and jobs.

G. **Use Metrics to Gauge Success and Drive Reinvestment:**

- Currently, Maryland does not have a way to measure its cumulative reinvestment efforts or impact, which makes it difficult to assess how well the state is doing.

- Through StateStat, the state must develop and implement a tracking and forecasting system to measure and evaluate the effectiveness of community reinvestment.

H. **Accelerate Transit-Oriented Development:**

- Though the state has some good examples of transit-oriented development, there are many more examples of existing and proposed transit hubs that do not take full advantage of this distinct asset through some form of transit-oriented development.

- In addition to increased funding and streamlining of regulations, successful TOD necessitates increased coordination and greater clarity regarding state and local roles.

The factors that impact the quality and pace of infill, redevelopment, and revitalization are described in greater detail below, and are accompanied by a wider range of recommendations.

A. **Establish a Vision for Reinvestment**

We will not succeed in attracting infill, redevelopment and community revitalization without a clear vision, marketed broadly, with all available resources brought to bear over the long term. Stakeholders need to know there will be a sustained commitment by the state and local governments so they can readily invest their own resources.

Accordingly, we need to educate the public, elected officials, and decision-makers about the benefits of infill, redevelopment, and revitalization (including transit-oriented development); market dynamics; the financial benefits of compact, mixed-use development patterns; and the role of small business in revitalization efforts. These stakeholders play critical roles in development, but may not have the direct experience to understand market dynamics, project finance, or design techniques. Yet, their actions directly influence infill, redevelopment, and revitalization.

Practitioners need access to accurate and timely information about best practices and funding opportunities, and many would appreciate guidance on how to combine different sources of funding to make a project work.
The public sector often lacks the capacity to manage complex and expensive projects, whether publicly led or private initiatives in need of public support. Jurisdictions have identified the need for additional staff with specific expertise, such as design and deal negotiation, or training for staff on specific subjects, such as financing, affordable housing, and sustainability. Smaller jurisdictions, especially, need technical assistance with planning and developing a vision for their communities. Similarly, in some communities, the private and nonprofit community development sectors also have trouble finding people with relevant design and real estate development skills.

Recommendations

A1. To emphasize the state’s commitment to reinvestment in our communities, the Governor’s office should direct the Smart Growth Subcabinet to:

a. create a “Reinvest Maryland” brand, along with a robust communications and marketing strategy

b. create a comprehensive “one-stop” online resource dedicated to infill, redevelopment, and revitalization, with access to complete information about funding opportunities and best practices

c. establish a staff liaison for reinvestment projects

d. align state investments, budgets, regulatory authority, actions, and resources, including surplus and other strategically relevant real property, to support strategies for reinvestment

e. work with local governments to identify, in all regions of the state, targeted areas that are prime candidates for job growth and business stabilization, and direct state infrastructure and economic development funds accordingly.

National Model: Redevelopment Ready Program, Michigan

A statewide certification program, Michigan’s Redevelopment Ready Communities Program is designed to build business and investor confidence in jurisdictions that have adopted innovative redevelopment strategies and efficient development review processes to make them more attractive investment opportunities.

During the certification process, jurisdictions go through a rigorous assessment of their practices with the Michigan Economic Development Corporation (MEDC) and other public and private sector experts. To receive certification, jurisdictions adopt a series of community and economic development practices designed to make the development process more “deliberate, fair, and consistent.” Best practices address community plans and public outreach; zoning regulations; development review processes; recruitment and education; redevelopment ready sites; and community prosperity. MEDC provides training opportunities, consultation services, and evaluation support for certified communities and helps market redevelopment ready sites.

A2. Local governments, working through appropriate local processes, should establish coordinated
economic development and community revitalization strategies that focus on reinvestment and encourage infill, redevelopment, and revitalization, if they have not already done so. Their budgets, zoning, regulations, and policies should reflect their commitment to targeted areas. Strategies should make it easier and more desirable to develop inside rather than outside these areas, and make it easier and more desirable to build compact, mixed-use development where possible.

A3. State agencies, working with local governments, the development community, nonprofit organizations and other stakeholders, must develop a comprehensive educational strategy. Educational modules should be web-based, but also presented at regional meetings and workshops convenient to elected officials, members of planning and historic district commissions, state and local government staff, town administrators, developers, Realtors, business owners, the public, and the media.

Topics for the educational/technical assistance strategy might include:

- measuring benefits of compact, mixed-use infill and redevelopment
- planning for and funding projects, and layering state programs
- public private partnerships
- density’s role in the economic viability of infill and redevelopment
- design techniques, such as form-based codes, to foster public support
- zoning tools to support infill and redevelopment
- transit-oriented development design to promote walkability and transit ridership
- small business’ role in community revitalization; facilitating small business growth
- mechanisms for dealing with common problems in business districts, such as absentee landlords, inconsistency in businesses’ operating hours, code enforcement
- Coast Smart and climate resilient practices
- building, energy and green codes, including the Maryland Building Rehabilitation Code
- stormwater management, Forest Conservation Act (FCA) and other regulatory requirements
- alternative methods to address water allocation in the Piedmont region
- affordable housing techniques such as inclusionary zoning
- creative approaches to turning public necessities into economic opportunities for residents
- mechanisms for ensuring adequate public facilities and minimizing the impact of adequate public facilities ordinances on infill, redevelopment, and revitalization
- best practices that provide procedural advantages for reinvestment projects
State agencies must work with interested local jurisdictions and other stakeholders, including the National Center for Smart Growth (NCSG) and other academic institutions, to research and share information and data that evaluates the benefits of infill, redevelopment, and revitalization, including the financial return on compact, mixed-use development. Private sector finance partners should be included to identify barriers to their interest in financing this type of reinvestment.

To help communities enable infill and redevelopment, the Maryland Department of Planning must work with local governments and other stakeholders to evaluate the adequacy of infrastructure capacity for roads, water, sewer, schools, and stormwater. This evaluation should include analysis and mapping and should make use of outputs from PlanMaryland efforts.

### B. Create and Better Fund Innovative, Effective Reinvestment Programs

The state has excellent programs to support reinvestment through infill, redevelopment, and revitalization, but there is room for improvement. The state should use the resources of all of its relevant programs via the Smart Growth Subcabinet to support community reinvestment.

For example, local officials and developers often find it difficult to combine multiple sources of funding for a project or to use state funding for a phased project, due to varied grant deadlines, unknown dates for award announcements and receipt of award, requirements to spend the money within a certain timeframe, matching funds, and other restrictions and rules. Even communities that successfully access state funds cannot always plan around them, because future funding levels are known only year-to-year. Particularly when combined with local programs, the number and complexity of incentives can be overwhelming.

### National Model, Fiscal Metrics Studies, Asheville, NC, and Sarasota, FL

When consulting firm Public Interest Projects studied the fiscal performance of compact, mixed-use development compared to single-use, low-density development in Sarasota, FL, and Asheville, NC, they found that on a per-acre basis, dense, mixed-use development performs much better than low-density, single-use development. Local governments in both cases realized a much higher rate of return on their investments in retail/residential buildings downtown than they did on malls and big box centers. For any jurisdiction concerned about revenues, this metric should matter.

In Sarasota, the firm compared a big box development, the county’s premier mall, mid-rise buildings (seven to eight stories) and a 17-story building downtown. The big box development generated the lowest return at $8,350 per acre, followed by the mall ($22,000 per acre), and mid-rise downtown buildings ($500,000 to $800,000 per acre). The 17-story building yields $1.01 million per acre.

The study in Asheville produced similar results. The firm compared a big box store, which generated $3,300 per acre, and suburban mall, which generated $7,995 per acre, to several buildings downtown. Two- to four-story apartment buildings downtown more than double that figure at $18,109 per acre, three- to four-story mixed-use buildings with condos generate upwards of $44,000 annually per acre, and a six-story mixed-use building generates close to $250,000 per acre.
Public funds should also better support “mid-market” projects, which focus on people who do not qualify for income-restricted funds but who are unable to access sufficient private equity or debt. Though the state has some programs for market-rate projects, such as Community Legacy, Neighborhood BusinessWorks and Sustainable Communities Tax Credits, there is a need for additional resources for both commercial and residential projects of this type.

Further, the relative lack of funds for predevelopment work, such as planning, architecture, and engineering, can make it difficult to get a project to the point where it is eligible for state funding or private investment, and then the lack of available operating funds makes it difficult to fund ongoing costs like strategic code enforcement, planning, and grant administration.

Some applicants that could take advantage of state programs may not even be aware of applicable programs or may not understand how to use them. Marketing, outreach and technical assistance to program applicants is important to ensure that existing state programs reach diverse recipients across the state. For example, the Sustainable Communities Tax Credit program is well-used in Maryland’s larger jurisdictions, but less well known and less-used in other areas of the state. Development of an aggressive marketing and community education campaign for that program is now underway to reach target audiences who are unfamiliar with this revitalization tool; this is a good example for all reinvestment programs which are available statewide.

Finally, the success of any program also depends on the efficiency and clarity of the post-award process. Uncertainty and delays surrounding grant agreements and release of funds can jeopardize projects.

Recommendations

B1. The state must establish a sustainable funding source for its infill, redevelopment and revitalization programs. These programs currently include Community Investment Tax Credits, Community Legacy, Neighborhood BusinessWorks, Strategic Demolition and Smart Growth Impact Fund, Baltimore Regional Neighborhoods Initiative, Town Manager Circuit Rider Grant Program, Sustainable Communities Tax Credit, Heritage Areas Grants, and Community Parks and Playgrounds. The Governor and General Assembly should provide at least $100 million annually for these programs, which are currently funded at less than half that amount. The state should also incorporate existing or potential new programs and funds administered by the Department of Business and Economic Development and Department of Transportation into the Reinvest Maryland umbrella.

B2. The state must also expand funds for pre-development soft costs such as architecture and
engineering, as well as for ongoing operating costs such as planning, economic feasibility analysis, grant administration, relocations, targeted code enforcement, and local staffing. Funds from one program should be eligible as matching funds for another program, and in-kind services should also be eligible as a match.

B3. The Smart Growth Subcabinet must coordinate alignment and streamlining of state application processes for core programs focused on infill, redevelopment, and revitalization. State agencies should:

- combine program applications to the greatest extent possible
- make questions as consistent as possible between applications to make applying for multiple programs easier
- streamline the application processes and make the applications shorter and less repetitive
- share, establish, make public, and adhere to timeframes for review, award, and other milestones important to applicants

B4. MDP and the Maryland Historical Trust (MHT) must work with federal officials to ensure that Congress sustains the federal Rehabilitation Tax Credit program. With the support of the Commission, MDP and MHT also should seek state legislative support for strengthening the state’s Sustainable Communities Tax Credit, returning the commercial credit to a traditional credit instead of an annually appropriated grant/tax credit hybrid. The state should also restore funding for technical support of local nominations to the National Register.

B5. DHCD should develop new products to meet market demand, including at a minimum tools for:

- mid-market projects, including acquisition/rehabilitation tools for homeowners
- adaptive reuse that retains community character but may not necessarily adhere to the Secretary of the Interior’s historic preservation standards.

B6. DHCD and MDP should provide technical assistance to local governments interested in establishing a land trust, land bank, and/or an affordable housing trust fund to facilitate reinvestment projects and, particularly, the retention of affordable housing in strong markets.

B7. Local governments should develop new or strengthen existing programs to support reinvestment, such as those employed by the City of Hagerstown and Baltimore County. See box at right.

Best practice: Baltimore City Healthy Neighborhoods Acquisition/Rehab Loans

Best practices: The City of Hagerstown, Baltimore County
B8. The Maryland Department of Transportation (MDOT) should develop funding and technical assistance resources to assist local governments with the planning, design and implementation of smaller projects, such as key bicycle and pedestrian improvements, for both local and state roads.

B9. The Governor and General Assembly should consider changes to state law to support economic development in targeted areas, including allowing economically distressed municipalities that are not located within economically depressed counties to access the One Maryland Program’s resources and reducing the approval threshold for the creation of business improvement districts.

B10. The state and local governments must develop initiatives to foster small business development within targeted areas. Initiatives should include:

- increased number of and resources for designated Main Streets
- expanded resources for the Neighborhood BusinessWorks program for direct grants and loans to businesses
- expanded financial, design, and other technical assistance
- community outreach to identify, encourage and create new business owners
- financial guarantees for landlords who lease to small business owners
- reduced permit fees
- incentives for creative uses of space that foster entrepreneurship, such as pop-up stores, shared business space, urban farming, farmers markets, and special events, along with reduction of regulatory barriers that stifle entrepreneurship
- legislation permitting periodic tax relief within targeted areas

Best practices: Westminster business incubator

C. Identify and Address Regulations and Policies which may Impede Reinvestment

The state and local governments should ensure that regulations and policies facilitate reinvestment through infill, redevelopment, and revitalization, while still protecting public health and safety, and our environment.
Regulations can increase costs, delay construction, reduce future revenue, or make it more difficult to accommodate a project on a particular site, or deter businesses from opening, renovating, or expanding. Alternatively, regulations can incentivize infill, redevelopment, and revitalization.

Some of the most frequently cited issues with respect to regulations and policies include:

- Lack of coordination among and within agencies
- Duration of and uncertainty related to agency reviews
- Lack of communication with the applicant
- Inflexibility on the part of permit review staff
- Inconsistency in the application and interpretation of regulations among different projects, as well as over the life of a project
- Inconsistency in the items that building inspectors require before signing off on occupancy permits, even on subsequent visits to the same site
- Conflicts among different building codes
- Redundant business licenses and fees
- Adequate public facilities ordinances, which can delay projects if adequate facilities do not exist

Identified as potential challenges to achieving the reinvestment goals are regulations related to stormwater management, forest conservation, TMDLs, the energy code, and some State and Federal Highway Administration standards, such as mid-block crossings, curb cuts and access points, and funds for sidewalk construction but not maintenance. Though the stormwater management regulations have built-in flexibility for infill and redevelopment projects, the frequency with which this was identified as a challenge means that there is still opportunity for improvement in communication, education, and implementation.

Fee structures generally do not take differences in market conditions into account. Payments that may not present much of a burden in strong markets may be insurmountable in soft markets.

Adequate public facilities ordinances (APFOs) and impact fees are designed to ensure that the public is well-served by infrastructure and public services, which are valid public purposes. Sometimes, however, these ordinances can have unintended consequences of stalling growth in areas designated for growth and where growth is rational and desirable.

**Recommendations**

C1. The Smart Growth Subcabinet must undertake and oversee improvements to state regulatory review and business permitting processes to reduce permitting costs, achieve faster and better response times, provide more certainty and greater transparency for infill, redevelopment, and
revitalization projects in targeted areas. Local governments should be encouraged to do the same.

State and local agencies should:

a. establish, publicize, and adhere to deadlines for permit review and approval

b. assign a single point person per agency to coordinate review and ensure clear and regular communication between applicants and reviewing staff

c. make certain that permit review staff are current on latest technology/best practices, understand state requirements and goals for revitalization, and have access to policy and technical resources when given the opportunity to consider new approaches to meeting a regulatory requirement

d. investigate methods to expedite permit approvals including, but not limited to, additional resources for reviewing agencies and/or third party reviews

e. review expediting processes that are designed to support reinvestment projects, including the state’s Fast Track process, to ensure that they work as intended

f. communicate better to discuss and resolve project-specific issues requiring multiple state agency approvals

g. determine whether approvals can last longer or be extended for infill, redevelopment, and revitalization projects, to avoid permits lapsing or the need to re-apply for new entitlements for use changes over time

h. examine the potential for tiered fees to make it less expensive to develop inside targeted areas, and adjust for market conditions

C2. To support infill and redevelopment projects, local jurisdictions should establish procedures to provide as much certainty as possible regarding specific requirements, such as stormwater management, infrastructure, forest conservation, public input, and density early in the development process. State agencies and local governments should make efforts to limit reviews of subsequent submittals to those issues identified by prior submittals, issues that arise due to material changes in the plan, or new information that has come to light. All rules should be in writing and readily accessible.
C3. State agencies and local governments should encourage robust public input during the plan preparation, review and approval process and then commit to greater transparency and predictability during the review of subsequent development projects that are consistent with the adopted plan, particularly in targeted areas. State agencies and local governments should also seek public input at the very beginning of the development process to promote greater transparency and predictability. Within targeted areas, state agencies and local governments should streamline processes, particularly for by-right projects, and strive to minimize frivolous appeals. The Commission will work with amenable local governments to create model mechanisms that may be used by local governments to (a) evaluate a development proposal's consistency with smart growth goals and (b) mediate disputes.

C4. DNR, MDE and MDP must work with stakeholders to evaluate and address concerns that certain requirements discourage infill and redevelopment, including stormwater management and forest conservation, using data to inform the evaluation and technical assistance where needed. Agencies should communicate existing flexibility and alternative compliance options to the development community and local agency staff to further their use in infill and redevelopment. Where action is justified, focus on creative alternatives and technical assistance to achieve compliance.

C5. The Smart Growth Subcabinet must coordinate state agencies’ efforts to engage a broad constituency to evaluate and address concerns that conflicts among historic preservation, green building, ADA, fire and related codes make infill, redevelopment, and revitalization more difficult. Agencies should work with interested stakeholders to identify and make every effort to resolve these conflicts.

C6. State agencies should maintain and periodically publish or make available public records of variances granted for specific code issues, coupled with explanations of the justification for the variance, so that anyone involved in the rehabilitation or reuse of an existing building can access the information. Local governments should be encouraged to do the same.

C7. Local governments should investigate innovative approaches to ensure adequate public facilities and, building on the Commission’s continuing work on adequate public facilities ordinances (APFOs), work with the Commission to identify ways to minimize the impact of these ordinances and impact fees on infill, redevelopment, and revitalization in targeted areas where growth is rational and desirable. For cases in which an adequate public facilities ordinance has the effect of stalling a development project in these areas, local governments should strive to rectify the problem that triggered the impediment. Develop strategies for addressing interjurisdictional school and traffic issues to achieve outcomes desired by all impacted jurisdictions. Track
compliance with state law that requires local jurisdictions with APFOs to submit reports on their impacts.

C8. The Commission and local governments should work together to examine possible improvements to the local development negotiation and agreement process, evaluating the enabling legislation for Developer Rights & Responsibilities Agreement (DRRA) for ways to enhance DRRAs’ ability to support infill, redevelopment, and revitalization in targeted areas.

C9. The Smart Growth Subcabinet’s coordinating committee, composed of agency staff members, should develop a policy to review Priority Funding Areas law exception requests within the context of a Reinvest Maryland policy, in addition to other established considerations.

D. Deploy Targeted Financial Tools

State and local governments must prioritize reinvestment through their capital and operating budgets.

Faced with increasingly scarce resources with which to support development, the public sector must make choices regarding where to direct these resources, and its decisions can either facilitate or derail efforts to attract infill, redevelopment, and revitalization. In some jurisdictions, public sector actions inadvertently continue to subsidize greenfield development at the expense of reinvestment; for example, by investing in new infrastructure or offering financial incentives for development outside of the reinvestment area.

Many jurisdictions need to upgrade the capacity or quality of their infrastructure to attract infill, redevelopment, and revitalization. Due to aging infrastructure, municipal permitting fees, stormwater improvement and retrofit needs, water/sewer pipe capacity inadequacies and other challenges with infill development, the cost of development is significantly higher in municipalities and unincorporated older communities. In DHCD’s most recent Sustainable Communities trends assessment, 94% of Sustainable Community areas identified aging infrastructure as a challenge to becoming more sustainable. Though all jurisdictions struggle to pay for infrastructure, some fiscally constrained jurisdictions also have trouble financing the bare minimum of services, let alone repairing or upgrading infrastructure, and their tax base is already overburdened. In the past, some service area expansions occurred without a full appreciation for land use and financial impacts, and local jurisdictions are now working to address these impacts.

In addition to the expense of infrastructure upgrades, the level of investment necessary to rehabilitate existing buildings or redevelop existing sites is often greater than development on greenfield sites and can make infill and redevelopment cost-prohibitive. While developers may overcome these barriers in
stronger markets, the cost premium still factors into a developer’s decision-making process, regardless of market strength.

Increased costs may include land assembly, demolition, historic preservation, complicated adaptive reuse, structured parking, environmental remediation and brownfield clean-up, stormwater management, utilities, vertical construction, traffic mitigation, community amenities, pre-construction costs and delays, and uncertainties for lenders. In many cases, regulations and community opposition make it difficult to achieve the number of units or square footage permitted by zoning, decreasing returns. In addition, it is more difficult to achieve economies of scale, move equipment, and install infrastructure on smaller infill and redevelopment sites.

Both the market and competition exacerbate cost issues. In soft market areas, future revenue streams may be so low that projects are not financially viable. A project must have the ability to attract end-users that generate sufficient revenue for an acceptable level of return on investment; if not, the project is not feasible and will not (and arguably should not) be built. In soft markets, few private sources of funding exist, and the public sector is typically limited to gap financing, so state financial support may be insufficient to overcome market weaknesses.

Soft markets have other hurdles to overcome as well, including:

- bank-owned properties
- underwater mortgages
- unrealistic expectations of property value
- low community morale
- lack of financial motivation for property owners to rehabilitate or redevelop because their buildings generate sufficient revenue without improvements or serve as tax write-offs
- the inability of people to envision the potential of the community, which manifests itself in declines in property maintenance, higher return on investment criteria, less favorable loan terms, and “lowest common denominator” property owners who do not serve the community

Even in more competitive markets, a jurisdiction can still be at a competitive disadvantage compared with a stronger neighbor and have trouble attracting investment, because the private sector invests where the return on investment is greatest and most secure.

Local tax structures are also critical, as they factor into location decisions for residents and business owners, are directly tied to a jurisdiction’s ability to pay for public improvements, and can act as an incentive or disincentive for building reuse and development of underutilized land. Municipalities often have higher taxes than counties due to the cumulative tax burden, a factor that can deter investment. In some cases, the higher tax rate is a function of providing services to county residents and not receiving a commensurate tax differential payment from the county. Tax assessments that are incongruous with market values can place potential buyers at a disadvantage.
Recommendations

D1. To accelerate reinvestment, the Governor and General Assembly must develop or enable new sources of funding, or better direct existing funding to support infill, redevelopment, and revitalization, including:

a. a dedicated Smart Growth Infrastructure Fund or Bank, to provide grants and low-cost financing to support infrastructure needs

b. a Smart Growth Investment Fund, to mobilize public and private capital for targeted real estate projects, continuing the work started at the direction of the General Assembly in 2013 legislation

c. a state Community Development Financial Institution (CDFI) Fund, to build the capacity of Maryland’s CDFIs, institutions that provide financial products and services to people and communities underserved by traditional banks, and to provide these institutions with more access to capital for community wealth-building, infill, redevelopment, and revitalization projects

The Infrastructure Fund could support:
- Water and sewer
- Schools
- Bicycle and pedestrian facilities
- Transit-oriented development
- Tree canopy, parks, and green space
- Mixed-income housing

National Model: MassWorks Infrastructure Program

Municipalities and other public entities in Massachusetts can access multiple sources of infrastructure funding to support housing and economic development through a single grant application, the MassWorks Infrastructure Program. Applicants can seek money for construction-ready projects including but not limited to sewers, utilities, roads, pedestrian and bicycle paths, site preparation and improvements on public land. Program administrators are particularly interested in funding infrastructure projects that can spur private development.

Massworks consolidates six programs previously administered by several agencies. Those agencies now participate jointly in reviewing grant requests. The Commonwealth of Massachusetts hosts a single round of funding annually and calls for applications in late summer or early fall to give applicants time to prepare for spring construction season.

Before Massworks, projects frequently required support from more than one program, but with varied deadlines, funds awarded by one program would languish while applicants sought others. Applicants appreciate the program’s straightforward process, transparency and greater flexibility.
d. expanded opportunities to use Tax Increment Financing (TIFs) at different scales by using state revenues to support TIF, providing more flexible authority to use local revenues to support TIF, allowing area-based and pay-go TIFs, structuring small-scale TIFs that are more affordable for smaller jurisdictions, and allowing TIFs to be used for a broader range of activities

e. improved alignment of Highway User Revenues with projects that support infill, redevelopment, and revitalization in targeted areas

f. expanded use of New Markets Tax Credits to help make infill, redevelopment, and revitalization projects more feasible in weaker market areas, with DHCD proactively connecting state agencies and holders of New Markets Tax Credits to high value infill, redevelopment, and revitalization projects.

D2. The Smart Growth Subcabinet must work cooperatively with the Maryland Municipal League and Maryland Association of Counties to develop strategies that help municipalities and counties address the cost of infrastructure maintenance and minor upgrades to support IRR.

D3. State and local agencies must identify opportunities to reduce the scope of projects that do not support smart growth goals. For example, MDOT should identify opportunities to reduce the scope of state transportation projects that do not support

- **National Model: Pennsylvania Community Development Bank**
  
  Established in 1994 with an appropriation of $17 million, the Pennsylvania Community Development Bank provides debt financing to Community Development Financial Institutions (CDFIs), which in turn make loans and investments in communities underserved by traditional banks. CDFIs' knowledge of the local market allows them to lend successfully in places typically overlooked.

  The bank lends between $6 and $7 million annually, with loans ranging from $250,000 to $5 million. CDFIs must have state accreditation to be eligible for loans.

  With consistent repayment of loans and fee income from the state's bond financing program, the bank's loan programs are self-sustaining. Early in the life of the program, the bank also offered capacity building grants to help CDFIs, among other things, attract and retain staff proficient in underwriting, which has been credited with contributing to the strong repayment record.

- **National Model: Expedited Project Delivery, Tennessee Department of Transportation**
  
  With an $8 million backlog of construction projects and way less money available to fund the projects, the Tennessee Department of Transportation (TDOT) audited the project wish list to find ways to reduce costs without sacrificing benefits. Some of the projects were decades old, stranded in part due to their cost.

  Less expensive projects proceed more quickly than their more pricey counterparts, which is why TDOT calls the exercise “Expedited project review” – solutions materialize faster when the project cost decreases. To date, TDOT has reviewed 60 backlogged projects funded 13, and saved $400 million. While the extent to which the program will help foster infill and redevelopment remains to be seen, it is a promising model for aligning the scope of large infrastructure projects with smart growth goals.
smart growth goals, or otherwise amend their design.

D4. Local jurisdictions should build upon the work of the 2013 Local & Regional Transportation Funding Task Force and further explore long-term financing mechanisms for new or expanded regional transportation systems.⁴

D5. The state must work cooperatively with interested local jurisdictions to determine the incentives or disincentives of local tax codes, fees, exactions and related policies and align them with infill, redevelopment and revitalization goals. Opportunities include examining how reliance on income and real property taxes influences land use decisions, what kinds of tax changes could help low-income residents stay in their homes as neighborhoods revitalize, and how adoption of split rate taxes, in which land is assessed at higher property tax rates than improvements to incentivize redevelopment of vacant lots, may benefit infill, redevelopment, and revitalization. The state, led by DBED, and local jurisdictions should also monitor tax policies and incentives for their impact on infill, redevelopment, and revitalization.

D6. The state and local governments should take steps to incorporate reinvestment considerations into current and future initiatives aimed at improving job growth.

E. Promote Equitable Development

The state must help ensure that residents live in healthy, vibrant mixed-income communities with good schools and a range of housing, employment, and transportation options, regardless of their income, race, or the region where they live.

Jurisdictions with good access to jobs, and a good reinvestment but often economic diversity among

| Best Practice: Environmental protection and community parks, New Broadway East Community Park |
| Best Practice: Job stability, Phillips Wharf Environmental Center |
| Best Practice: Affordable housing, Denton |

schools, lower rates of crime, quality of life can attract struggle to maintain their residents.

Communities with strong lack of affordable housing overcrowding. According to a prepared by the Department Development’s (DHCD) Office of Research, “Maryland continues to experience acute shortage of workforce affordable rental housing for families, seniors and individuals with disabilities in Maryland.”

markets often suffer from a and from school housing market report of Housing and Community

⁴ This report recommended a regional sales tax; expanded local-option vehicle registration fee; expanded local option income tax increment; and expanded authority for local jurisdictions’ real estate transfer tax
Still other communities need to improve their schools, address the reality or perception of crime, provide more open space and parks, access to healthy food, and access to jobs – or all of the above – to attract reinvestment. In these communities, people are concerned about crime, jobs, education, the concentration of social services, a disproportionate number of affordable housing units, an insufficient supply of housing to attract middle-income residents, the poor quality of affordable housing, housing quality, property maintenance, vacant buildings, difficult landlords, nuisance tenants, and access to good parks, shopping, and services. All of these issues must be addressed in order to make these communities better places to live for existing and potential future residents.

**Recommendations**

**E1.** DHCD, local governments, and interested stakeholders must together help communities identify opportunities for integrating mixed-income housing into infill, redevelopment, and revitalization activities in communities that lack sufficient affordable housing. DHCD should provide financing expertise and technical assistance to local governments and developers to increase the supply of affordable housing for low-income and workforce residents.

**E2.** The Commission will identify novel approaches to community revitalization that also strengthen the social fabric of a community, such as place-based college scholarship or entrepreneurship programs.

**E3.** The Commission will evaluate and make recommendations on tools that capture a portion of the increased revenue that results from state investments and how it might be distributed to a local government, community development corporation or similar community-based organization, which can then use the funds for community priorities.

**E4.** The Smart Growth Subcabinet must enlist the State Department of Education and Governor’s Office of Crime Control and Prevention to identify ways to improve the quality of public education and public safety in targeted areas.

**E5.** The Department of Natural Resources must connect underserved communities that have minimal access to nature and develop and

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**The Kalamazoo Promise**

The [Kalamazoo Promise](#) is a four-year college scholarship awarded to graduates from Kalamazoo, MI, public schools covering tuition and fees at Michigan’s public colleges, universities and community colleges. While this place-based scholarship program aims to encourage stronger academic performance, by encouraging families with school-age children to live in Kalamazoo, it also provides an economic development and community revitalization tool.

The percentage of tuition covered is adjusted according to the number of years the student spends in Kalamazoo public schools; students must attend Kalamazoo public schools beginning in kindergarten to receive a full scholarship.

Similar programs exist in other communities. Yet, the Kalamazoo Promise is particularly broad-based, because it is not limited by incomes or academic records. It has served as the inspiration for many more communities and academic institutions to establish comparable programs.
implement a comprehensive program to increase access and utilization of public lands and waterways for these communities.

E6. State and local governments should identify barriers, challenges, and opportunities to fully incorporating environmental justice considerations, including potentially adverse environmental, human health, and economic impacts, into state and local planning, permitting, and decision-making.

E7. When planning new or contemplating financial aid for public facilities or government-supported services, state and local governments should communicate with one another about how a specific location furthers or detracts from reinvestment goals.

E8. Local governments should share best practices related to and direct resources to support effective code enforcement.

F. Community Design and Preservation

The state should work with local jurisdictions and communities to preserve their character and historic assets while integrating new investment, and encouraging walkable, mixed-use development projects that build upon existing assets and help create or reinforce a distinctive identity. While sometimes perceived as superficial, design is a vital component of livability.

Good design can help to achieve diverse goals, including:

- creation of vibrant public spaces
- promotion of economic development
- preserving a sense of place and historic character
- increased use of alternative transportation modes and thus healthier lifestyles
- using greenways, corridors and trails to connect schools, residential areas and public buildings
- using green infrastructure to increase the benefits that people gain from the natural environment and meet bay restoration goals
- accommodating infill, redevelopment, and revitalization in a way that is functional, attractive, and environmentally responsible

High quality design is also essential to generating public support for a project. Due to their settings within existing communities, infill, redevelopment, and revitalization projects frequently face
opposition. People particularly object when projects increase density, change traffic patterns, establish new bicycle, pedestrian or vehicular connections, or introduce new housing types or uses – often the very things that ultimately make these projects both popular and financially successful. Good design can help overcome some, if not all, of these objections.

Good design is necessary in order to realize the benefits and desirable characteristics of density, such as walkability, vitality, support for improved transit service, and synergy with local business districts. If designed correctly, this synergy can strengthen business districts, as more residents shop and spend money in their neighborhoods.

Reinvestment also provides opportunities to improve quality of life through design, such as conversion of vacant, blighted property into quality public open space with stormwater management, or widened sidewalks to accommodate sidewalk cafes. Examples of design improvements that have had a positive impact on quality of life within existing communities abound and range from façade improvements making commercial districts more appealing to a new development that improves pedestrian connections from one part of town to another.

Unfortunately, many places face physical barriers to infill, redevelopment and revitalization that require creative solutions. For example:

- An area targeted for revitalization is physically disconnected from other parts of downtown and key anchors.
- A highway or railroad track divides the targeted area.
- The existing physical environment is difficult to retrofit for any number of reasons, such as location of below-grade infrastructure, complicated intersections, or small parcels.
- Site and design requirements of national retailers can make it more difficult to attract these tenants and protect community character.

Local governments regulate, to varying degrees, the following development design aspects: the public realm, building form (features and configuration), architecture, signs, environmental resources, and landscaping. In recent years, some jurisdictions have turned to form-based codes, which focus more on regulating physical form and less on regulating land uses, as a way to achieve higher quality design.

**Recommendations**

F1. State agencies must facilitate the development and delivery of public education and technical assistance on design techniques, best practices, and regulations to provide more communities the opportunity to realize functional and attractive infill, redevelopment, and revitalization.
F2. In targeted areas, local governments should consider using approaches to fostering excellence in community design during the planning process, such as Form Based Codes, charrettes and/or pattern books, illustrative guides that show people how to build places using local examples of well-loved buildings and streets, which can enhance support for the project.

F3. The state must support the Neighborhood Design Center, Eastern Shore Land Conservancy’s Center for Towns and other similar groups in developing strategies and designs for improving the sense of place, connectivity, and the reuse of buildings and places in communities.

F4. The Commission will explore creating a consortium of college and university design, architecture and planning schools to support communities that want to pursue reinvestment through infill, redevelopment, and revitalization.

G. Use Metrics to Gauge Success and Drive Reinvestment

The state tracks a wide range of performance measures, from student achievement to workforce development, from the health of Maryland’s citizens to the health of the Chesapeake Bay, and adjusts policies and investments as necessary to encourage positive trends. It is equally important that the state track the health of Maryland’s existing communities and state efforts to improve key indicators of their health. The state, local jurisdictions, residents and business owners should understand how a Reinvest Maryland policy affects existing communities, and the state should make adjustments to its policies as necessary to focus and drive its reinvestment activity.

Recommendations

G1. State agencies, in conjunction with the Maryland Municipal League and Maryland Association of Counties, must develop metrics to assess the success of the state’s efforts to support infill, redevelopment, and revitalization, including at minimum:

a. targeting of state resources
b. growth in economic activity
c. jobs
d. Main Street business development
e. tax revenue
f. population
g. capital investment
h. volunteer engagement
i. improved environmental quality within targeted communities
j. improved walkability and mix of uses.
G2. The Smart Growth Subcabinet must institute a process within the StateStat structure for ongoing review and evaluation of progress, which should be used to help focus resources on programs and projects which most effectively achieve community revitalization, economic development and related environmental benefits.

H. Accelerate Transit-Oriented Development (TOD)

To assist the Commission in responding to the Governor’s and Lieutenant Governor’s request, a panel of TOD stakeholders was convened on June 4th and July 24th of this year to solicit input on TOD issues and to identify potential solutions to those issues. At the June 4th panel meeting, participants identified TOD success and shortfalls in the State; outlined issues that need to be addressed; and tentatively suggested a series of recommendations for specific actions to address TOD issues in the State. At the July 24th meeting, panel participants refined and finalized these recommendations. The following observations and recommendations H1 to H19 stem from this panel. Recommendations H20 to H23 were identified through other Commission outreach.

After considering background on TOD in Maryland provided by MDOT and WMATA, and informed by their own specific project experience within Maryland and elsewhere, the members of the TOD Roundtable reaffirmed the environmental, social, and economic benefits of TOD – efficient use of land and infrastructure, reduced vehicle miles traveled, expanded mobility choices, improved access to jobs. They agreed that TOD could be accelerated in Maryland, and that specific challenges should be addressed to enable the State to reach its TOD goals and potential. The full report, “Recommendations of the TOD Roundtable to the Maryland Sustainable Growth Commission”, is attached as Appendix C and available for download at [insert website].

During the course of their meeting TOD Roundtable participants raised the following issues:

- Community and local government stakeholders continue to be concerned that TOD poses more of a threat than an opportunity in terms of parking scarcity and traffic growth, fiscal burden on schools, and in some cases crime and safety. There are also wide gaps in awareness of the ways TOD can strengthen local economies and promote community vitality, and there is a need to summarize the most recent research for all interested parties. The combination of concerns and lack of information about benefits slow the progress of TOD projects statewide by supporting political opposition to local TOD initiatives.

- Engineering standards that prioritize automobiles in suburban settings create impediments to successful TOD and pose obstacles for station area access and walkability.

- Regulations, permitting and other costs and uncertainties related to infill development, continue to make greenfield development easier, more certain, and more attractive for prospective developers compared to TOD.
• Related to the three above items, there are inadequate resources available to address local concerns and justify/support exceptions to standard rules.

• Benefits of TOD to state and local governments and to community and business stakeholders are insufficiently documented and quantified, either at a policy level or on a project-by-project basis.

• Public and private TOD participants have unrealistic expectations about what their partners can and should do to advance projects.

• The policy of providing free parking and/or requiring that all existing parking for commuters be replaced can make TOD considerably more difficult to achieve. Accommodating replacement parking for commuters can impose considerable site and funding constraints for prospective TOD projects.

• Affordable housing is recognized as a desirable element of TOD but it is often difficult to achieve given the complexity and cost of infrastructure and other elements of the TOD development program. Proceeds associated with transportation land values are often required to address other infrastructure needs (parking garages, station improvements, etc.), and other stakeholders may not agree to include affordable housing as a priority in the area.

• Not enough places in Maryland have all the necessary ingredients for successful TOD, e.g., strong real estate markets to leverage; complete streets, high-quality transit service; and walkable/bike-able settings surrounding transit routes and stations.

• In several key jurisdictions, the market for TOD is inadequately supported by transit infrastructure. Funding is needed to complete the transit network as the backbone on which to create viable TOD, and to improve the connecting road and transit network to achieve desired efficiencies.

• In many cases, local regulations impose burdensome zoning, bulk regulations and design features that increase costs (e.g. parking) and restrict the flexibility of developers to program land uses that are tailored to markets. Flexible approaches are needed to ensure TOD projects can evolve over time.

• The magnitude, and the processes for allocating TOD incentives is often uncertain and/or insufficient, in part due to a lack of clarity in how state and local jurisdictions define TOD and how state and local policies and resources (including state TOD Designation) will support TOD.

Best Practices: Metropointe, Wheaton
• Businesses that receive public support to build project-serving infrastructure or other guarantees need to be willing to accept lower rates of return. Developer’s anticipated return on investment should reflect that the public sector has assumed some of the project risks when that is the case.

• Assembling land to facilitate action on TOD opportunities is expensive, time-consuming and politically challenging for government sponsors, and economically challenging for private developers.

• Developers are often asked to provide TOD project elements that would normally be undertaken by government. Necessary improvements associated with the development may not have been allocated or prioritized in the state or local budgeting process.

Recommendations

TOD projects are complex, and their success depends on many factors. This is because every TOD project consists of diverse public and private project elements; advances a broad range of public and private goals; and is supported by a diverse range of state, local, and private partners. TOD projects are also subject to a wide range of citizen and regulatory reviews, making the TOD implementation and approval environment extraordinarily complex.

Six factors must be in place to support TOD, and there is a need for action on all fronts:

• **Policy and Planning Frameworks** – policy and regulatory reform to support TOD and facilitate implementation;

• **Market for TOD Products** – definition and development of markets for TOD products;

• **Financial Feasibility of TOD Products** – identification of ways to make TOD more financially feasible;

• **Financing** – identification and creation of funding sources and mechanisms for TOD projects;

• **Quality Transit Service** – improvement, expansion and maintenance of quality transit services;

• **Community Support** – outreach to educate stakeholders on the public benefits of TOD and clarification of roles and responsibilities associated with the implementation of successful TOD projects.

A seventh factor, scale of the project and its impact, is also important to the determination of where to focus TOD resources.
H1. Develop mechanisms to address each of these areas. State agencies should take a lead in cultivating support and undertake or facilitate initiatives at the state and local levels and in the private sector. Partnerships in promoting TOD should be encouraged. Public sector actions should confront the financial challenges of TOD and infill by structuring their incentive programs, as well as general budget, regulatory and permitting processes to support successful TOD outcomes.

In addition, stakeholders in Maryland’s TOD “enterprise” must understand not only their own goals and roles in promoting TOD, but those of other participants as well. To help create productive partnerships and manage the complexity of TOD, stakeholders should take action to define and communicate anticipated roles, resources, and expectations they bring to the TOD process. Stakeholders at the state and local governments must educate themselves on what their roles and responsibilities could and should be. State agencies in the Smart Growth Subcabinet should coordinate and communicate accordingly to help educate their key contacts.

The complete TOD Roundtable Report includes a matrix that identifies key factors that need to be in place for successful TOD to occur, summarizes actions that can affect factors, and identifies actors who can play roles in the factors.

For each TOD project, a project-level matrix should be created by its participants to confirm, clarify and understand:

a. What precisely the TOD project needs to move ahead;
b. What actions can be taken to help accelerate the TOD project given its particular needs; and,
c. The range of participants who can play a supportive role in TOD implementation.

At the policy or program level – at State, County, and/or municipal levels – review of this matrix would help TOD advocates, planners and policy-makers diagnose TOD issues and devise plans, policies, and programs to address project-specific and jurisdiction-specific needs.

H2. TOD project partners and stakeholders need to develop mechanisms that clearly delineate lead and supportive roles and responsibilities; provide guidance on available resources; and help coordinate and navigate decision-making processes. Potential partners will benefit from clarifying their own goals and from developing a realistic understanding of how their objectives can be supported by TOD-related activity.

H3. Provide ongoing outreach to stakeholders and conduct research that clearly articulates what TOD means in terms of policy objectives.

• Conduct a study to quantify how TOD benefits the state to create a stronger basis for use of State resources to support TOD.
• Conduct a study to quantify how TOD benefits local governments to create a stronger basis for use of local resources to support TOD.
• Conduct outreach and provide further tools for education, planning and outreach.

H4. Invest in state-of-the art stakeholder engagement tools to identify TOD supporters in community settings, and to educate, motivate and engage them so that public comment on TOD projects is more balanced. Examples include charrettes, scenario building, interactive mapping, visualization tools, and social media strategies.

H5. Explore mechanisms that the state and/or local jurisdictions can use to assemble land that avoid the need to exercise the power of eminent domain and that do not impose economic strains on development partners.

H6. Consider a dedicated source of funding for TOD, such as a TOD revolving loan fund to provide gap financing for TODs. Seed money for such a fund could be identified as part of a broader funding strategy for infill projects or could be tied to broader adjustments in local or state property tax levels, or through the creation of special taxing districts.

H7. Parking provision should be managed to better reflect market demand and to achieve efficient use of the transit network. For example, alter MDOT’s policy of free parking for commuters at TOD locations and consider reducing amount of replacement parking provided in appropriate areas. Studies should be conducted to inform a strategy to implement these policy changes over time to reflect market conditions.

H8. Local governments should ensure that parking requirements do not exceed what the market requires. Provision of parking in a TOD project should be tied to the specific, local user markets to be served, rather than dictated by generalized zoning or other regulations that are not site-specific. Mechanisms should also be put in place to facilitate shared parking. This could reduce the incidence of potentially unnecessary construction costs, and make it easier to address other priorities for TOD investment (e.g. transit infrastructure, or affordable housing).

H9. Adopt and use complete streets policies, including road standards for local and state roadways in TOD areas that recognize the specific multi-modal needs of TOD areas for bike, pedestrian, transit, auto, and freight/service needs. Urban road standards may be a useful guide, but in any event road standards tailored to TOD areas’ specific mobility and accessibility needs (i.e. walkability, pedestrian safety/convenience, and bicycle accommodation) are critical to have in place.

H10. MDP, with assistance from other agencies, should provide technical assistance to support pre-development planning and coordination of resources towards achieving TOD. Local governments need to take responsibility for using the best information available to establish TOD-supportive planning and zoning processes and regulations. Planning efforts should include the whole community around each TOD site to expand the area of benefit and opportunity.
H11. Give local governments more flexible authority to use local revenue sources to support Tax Increment Financing (TIF) or bonds towards achieving TOD outcomes (including infrastructure, land use mix, affordability, etc.). The State should consider use of revenue from state taxes, such as property tax, as a means to support TIF debt for TOD projects.

H12. Provide enhanced incentives for TOD projects that incorporate housing that is affordable to the workforce at a range of income levels. Incentives should be explored by both state and local agencies to include both regulatory (zoning), and financial (funding/loan programs) approaches.

H13. Define and implement a program for financing bicycle and pedestrian facilities in all TODs, financing structured parking and other public amenities for TODs.

H14. Streamline project entitlements and permitting and undertake efforts to meet regulatory requirements (e.g. environmental standards) required for TOD projects that may be non-traditional offsets. For example, explore land/wetland banking to address mitigation for forest, wetland or other environmental features.

H15. Assist private sector partners in their efforts to attract conventional financing for TOD projects. For example:
   • provide letters of support, or endorsements to financial institutions on a developer’s behalf.
   • investigate opportunities on if and how state financial actions with financial institutions could be leveraged to encourage TOD lending.

H16. Use more “transactional” approaches in the public sector to negotiate agreements and features in TOD. In other words, public sector TOD participants should try to think more like a partner with a stake in development outcomes – including projects actually occurring – and less like a regulator with a more distant, arms-length relationship to project outcomes.

H17. Consider use of incentives such as Tax Increment Financing (TIF), Special Improvement Districts (SID), and Special Tax Districts (STD), Payments in Lieu of Taxes (PILOTs), as well as property tax and other potential tax freezes or negotiated reductions, to support TOD projects.

H18. Use incremental increases in tax benefits to help mitigate costs associated with stormwater management, and other elements for those TOD developers who agree to support other TOD-related public amenities.
H19. Take time to review, communicate, and understand Urban Land Institute (ULI) best practices and ULI Technical Assistance Panel recommendations for TOD, and apply them in practice. Consider ULI as a technical resource to engage on various issues, practices and in specific areas. To assist the Commission in responding to the Governor’s and Lieutenant Governor’s request, a panel of transit-oriented development experts was convened to solicit input on TOD issues and to identify potential solutions to those issues. The TOD recommendations in this draft report appear separately below while work continues on the TOD recommendations.

H20. MDOT should work with jurisdictions to coordinate transit schedules with TOD within and outside of the Baltimore/Washington core, to better coordinate and integrate development with the transit system.

H21. In targeted areas that have few transit opportunities, especially in towns in more rural areas, Smart Growth Subcabinet agencies should work with the local government to enhance pedestrian and bicycle activity and growth of alternative modes of transportation, including but not limited to increased bus service and car sharing, with incentives targeted to these communities.

H22. MDOT and WMATA should streamline the requests for proposals submittal requirements and processes for TOD development sites.

H23. Include the objective of fostering transit-oriented development and creating long-term real estate value into criteria for requests for proposals for transit construction projects.

**Conclusion**

As requested by the Governor and Lieutenant Governor, the Reinvest Maryland recommendations and supporting materials contained in this report will help accelerate quality infill, redevelopment, and revitalization in our state. Based on extensive input from diverse stakeholders, followed by the Commission’s assessment, analysis, and review, they provide a strong foundation for essential reinvestment in Maryland’s existing communities.

The Commission views these recommendations as a starting place for development of detailed implementation strategies by the next state administration, working in concert with its local government partners. While both state and local governments can readily point to ongoing and impactful revitalization efforts throughout the state, Reinvest Maryland presents an important opportunity for all levels of government to coordinate and strengthen their efforts, and to fully engage the private sector in the task as well.
We are grateful to Governor O’Malley and Lt. Governor Brown for the opportunity to deliver this report and look forward to participating with all interested stakeholders in the implementation of Reinvest Maryland.

**Appendices**

A. Governor and Lieutenant Governor Letter  
B. Meeting list  
C. *Recommendations of the Transit-Oriented Development Roundtable to the Maryland Sustainable Growth Commission*  
D. Urban Land Institute reports  
E. Survey summary  
F. Planning Directors’ Roundtable summary  
G. Advocates’ Roundtable summary  
H. Resources  
I. Toolbox