



House Bill 414 -- *Economic Development - Project Restore Program and Fund*
House Ways and Means Committee
February 23, 2022
Support with Amendments

The Montgomery County Chamber of Commerce (MCCC), the voice of business in Metro Maryland, supports with amendments House Bill 414 -- *Economic Development - Project Restore Program and Fund*. This bill creates the Project Restore Fund at the Maryland Department of Housing and Community Development (DHCD).

MCCC supports the intent of this bill, which it to provide financial incentives for small businesses and commercial developers to revitalize vacant retail and commercial space. Of primary concern, there is a threshold question that a property owner needs to answer if they want to participate in this program. It requires the commercial real estate owner to waive rights under the Lease, including timely payment, as well as other accounting requirements regarding record keeping, access requirements, and confession of judgment. These are non-starters for nearly every commercial real estate owner.

Further, in order to allow the program to work smoothly, the decoupling/separation of the two different types of grants is necessary. The *Property Assistance Grant* is essentially a rent subsidy to commercial business owners paid directly from DHCD to commercial real estate owners/landlords. The *Business Operations Grant* on the other hand is for the commercial business owners/tenants only and used for purposes of activities and costs related to sustaining and growing the business, such as staffing. These are fundamentally different programs and should not be under the same application. Commercial real estate owners/landlords should have no reason to sign an application other than for the rent relief grant, and a confessed judgment is not necessary in the process.

To that end, we ask the following three changes be made:

1. Have the grant funds sent directly to the commercial business owner/tenant, who then submits along with their rent payment directly to the commercial real estate owner/landlord. This removes the commercial real estate owner/landlord from the process and speeds up the process. It is useful to understand that unlike in the realm of rent subsidies to consumers/tenants of rental housing, this program is targeted to a substantially different target audience - commercial business owners occupying commercial space in commercial real estate and that as such the program has inadvertently adopted the same template customary with rental housing. Senate Bill 414 should be amended to direct all funding to the commercial business owner/tenant because the funding exclusively benefits the business owner/tenant and thus no commercial real estate owner/landlords should be required to be a party to an agreement between the Department of General Services and the business owner/tenant.

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2. If the above cannot be achieved, MCCC asks that all provisions that should not be applicable to commercial real estate/landlords be redacted from the application documents, including allowing for surprise inspections of commercial premises by the State and that commercial real estate landlords not be obligated to sign for Property Assistance Grants.
3. Commercial tenants whose applications were previously rejected by DHCD because their landlords rejected signing the application should have their applications reconsidered and favorably acted upon.

For these reasons, the Montgomery County Chamber of Commerce supports House Bill 414 and respectfully requests a favorable report with amendments.

The Montgomery County Chamber of Commerce, on behalf of our nearly 500 members, advocates for growth in business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and a proud Montgomery County Green Certified Business.

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