



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2174

PRINTER'S NO. 3039

PRIME SPONSOR: Fleming

COST / (SAVINGS)

FUND	FY 2023/24	FY 2024/25
General Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY:

House Bill 2174 amends Title 64 (Public Authorities and Quasi-Public Corporations) to create the Mixed-Use Revitalization Program and establish the Mixed-Use Revitalization Fund.

ANALYSIS:

This bill adds § 1559, known as the Mixed-Use Revitalization Program, to Title 64 to:

- Increase corridor mixed-use development, including affordable housing opportunities.
- Maximize the leveraging of private and public resources.
- Foster sustainable partnerships committed to addressing community needs.
- Ensure that program resources are used to meet community needs effectively and efficiently.
- Provide grants to projects that involve the acquisition, redevelopment, and revitalization of distressed, unoccupied, and blighted properties, including existing and former malls.

The Department of Community and Economic Development is tasked with creating an application for the program and making it available to developers. Developers must agree to provide matching funds of at least 25% of a potential grant amount to be eligible for the program. Upon awarding of a grant, DCED shall pay the grant directly to the municipality in which the project is located, and the municipality is responsible for disbursing the grant to the developer. The required matching funds are to be delivered by the developer at the time of closing or during construction, whichever occurs first.

Developers must agree that if an application is approved and grant awarded, the developer shall repay up to 50% of the principal amount of the grant to the Commonwealth when the development has achieved stabilization or recognizes any excess proceeds available from any post-stabilization refinancing activities. All amounts of repayment due shall be paid to the Commonwealth within 120 days of the end of the preceding calendar year.

This bill also requires developers to utilize American-made supplies in any development that uses a grant received under this program. Should a developer determine that a particular supply is not American-made, or American-made but not in sufficient supply to meet the demand, and the municipality agree, the municipality is to publish a notice in two newspapers of general circulation within the municipality and on each of the municipality's social media accounts and publicly accessible internet website. Following this notification, an individual has 30 days to file an appeal to the determination. If, after adjudication of any appeal, the determination is affirmed, the developer shall not be required to utilize American-made supplies for that particular supply.

DCED is required to provide a report containing a list of developments funded through the program by July 1, 2025, to:

- The governor.
- The auditor general.
- The chairperson and minority chairperson of both the Urban Affairs and Housing Committee of the Senate and the Housing and Community Development Committee of the House of Representatives.
- The chairperson and minority chairperson of both the Community, Economic, and Recreational Development Committee of the Senate and the Commerce Committee of the House of Representatives.

Finally, the bill creates definitions for American-made, developer, development, grant, program, and stabilization, and creates the Mixed-Use Revitalization Fund within the state treasury to be used by DCED for grants.

This act shall take effect in 60 days.

FISCAL IMPACT:

Enactment of this bill could impact Commonwealth funds. Pending an appropriation to the program, the Department of Community and Economic Development could potentially require additional employees with an estimated cost of \$100,000 per employee.

Redevelopment of distressed, unoccupied, and blighted properties, including existing and former malls, could increase property values and raise revenue received by the Commonwealth through the Sales and Use Tax and through the Personal Income Tax.

However, without knowing the potential appropriation to the program or specific redevelopment plans, the exact fiscal impact is indeterminate.

PREPARED BY: Chris Fetterman, MPA, Special Advisor
House Appropriations Committee (D)

DATE: May 6, 2024

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.