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Baltimore City Council
Committee of the Whole

RE: 22-0195 Inclusionary Housing for Baltimore City
23-0369 High Performance Inclusionary Housing Tax Credit

Dear Colleagues:

Thank you for the opportunity to continue the conversation on Inclusionary Housing for Baltimore City. This memorandum outlines the final version of the two bills before you today.

First, A reminder about what Inclusionary Housing is - it is one of many policies we need to increase affordable housing in our city. Specifically, it is designed to help families live in areas that are typically out of reach, but also mitigate the impact of our historic racist housing policies. That's what we are doing today.

Second, the amendments to both bills essentially gut the original bills and replace them. It was easier than moving through charts of multiple amendments. You will see the final versions be essentially one amendment and it will be the entire bill.

Summary of 22-0195 Inclusionary Housing for Baltimore City as amended:

- Any multi-family market rate development citywide with 20 or more units that is already getting major public subsidy or planning to apply for subsidy will have to comply with this bill. Subsidy includes any tax credits, PILOTs, TIFS or even a significant land use authorization (like a height variance).
- The development must have up to 15% of their units be available as affordable units. The breakdown is as follows:
 - 10% of the units for families making 60% of AMI. According to the Maryland Department of Housing and Community Development 2023 data, that is \$53,600 for a family of 2 and \$67,000 for a family of four.
 - If DHCD or HABC has additional subsidy for 50% or below area median income, the development will be asked to apply for the various programs available. HABC for instance has a project-based voucher program, and the Affordable Housing Trust Fund is also available for this income level. 50% of AMI is \$48,700 for a family of two and \$60,850 for a family of four)
- The bill applies citywide.
- The permit process is where the Inclusionary Plan shall be submitted and reviewed by the Inclusionary Board.
- The Inclusionary Board has specific duties assigned like reviewing the regulations and Inclusionary Plans. It is also narrowed to 9 members instead of 15 members. We added another renter as a voting member, and the Director of OECR is an ex-officio member.
- Affordability period remains at 30 years. After that time period, the City or nonprofits may have right of first refusal to master lease those units to keep them affordable.

- This legislation is meant to be a floor, and not a ceiling so that if there are negotiations for major subsidy and DHCD or this Council is requesting more affordability, then whatever is negotiated stands. Any developer is also welcome to exceed these requirements as they desire.
- Once we reach 400 inclusionary units or 5 years of the program, whichever comes first, there will be a study to determine the impact and efficacy of the program and recommend any changes.
- There is annual reporting and an annual hearing before the City Council to determine how the program is working. There is an annual audit of 20% of the units to ensure compliance with the law.
- There are no waivers from these requirements, and all units must be built on-site.

23-0369 High Performance Inclusionary Housing Tax Credit as amended:

- Any development that has to comply with Council Bill 22-0195 can apply for the High Performance Inclusionary Housing Tax Credit. This is not a by-right credit, the developer has to apply for it.
- High Performance means essentially a green building. This legislation uses the authority under state law given to us to create incentives to build high performance buildings- either new construction or significant renovation.
- The credit is available for the life of the affordability period.
- The credit only pays for the mandated percentage of units as required in Council Bill 22-0195.
- The amount of the credit and how it works:
 - The credit is calculated as the difference between the market rate rent and the rent collected from families qualifying for the affordable/inclusionary units. For families making 60% of AMI, this is \$1,350 for a family of two, and \$1,675 for a family of four according to the Maryland Department of Housing and Community Development 2023 data.
 - The owner of the property will essentially pay for the difference between the market rate rent and the rent collected from affordable/inclusionary unit between January 1 and December 31 for each unit. It could be considered a subsidy or lost rent. Either way, the report of the rent subsidy / lost rent per unit is due to the Department of Finance by January 15th each year.
 - The July property tax bill will provide a credit of the subsidy/lost rent amount reported.
 - The credit awarded will be granted up to \$14,400 per unit per year (up to \$1,200 per month).
- Please note that this new formula is completely different than what was proposed by the Enterprise Community Partners report and the original bill. It is also a model for how Baltimore should be doing tax credits moving forward – not by right, full transparency, and reporting.

I am available for your questions, and humbly request your support.

Sincerely,



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