

MEMORANDUM

TO: Honorable President and Members of the City Council  
Attention: Karen Randle, Executive Secretary

FROM: Brenda McKenzie, President and CEO *BMC*

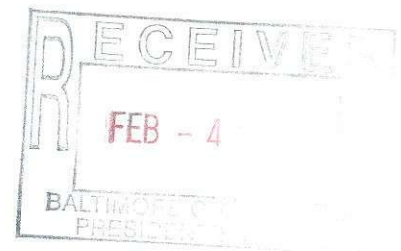
DATE: February 1, 2013

SUBJECT: City Council Bill No. 13-0176  
Tax Credits – High-Performance Market-Rate Rental Housing

The Baltimore Development Corporation (BDC) supports City Council Bill 13-0176, *Tax Credits – High Performance Market-Rate Rental Housing*. The BDC has sponsored this Bill in its continuing efforts to incentivize investment and development in Baltimore’s Central Business District and in targeted neighborhoods.

The Bill would create a real property tax credit of the incremental increase in real property taxes derived from the conversion or new construction of certain qualifying High-Performance Market-Rate Rental Housing projects that contain 50 or more residential units. The project must be certified LEED Silver or higher in order to qualify for the Tax Credit, and must maintain its High Performance and Market-Rate residential status for the life of the credit or the credit would terminate. The Tax Credit would be equal to the following percentage of the incremental real property taxes:

Years 1 – 2	100%
Years 3 – 5	80%
Year 6	70%
Year 7	60%
Years 8 – 10	50%
Year 11	40%
Year 12	30%
Years 13 – 15	20%



Following year 15, the Tax Credit would expire and the property would be subject to its full and normal real property tax liability in each subsequent year. With the exception of the State Enterprise Zone Tax Credit, the Tax Credit would not be able to be combined with any other City of Baltimore tax subsidy.

The BDC supports and sponsors the Bill for the following primary reasons:

- The Tax Credit program will further the Mayor’s goal of attracting 10,000 new households to the City of Baltimore and will increase the City’s residential population.
- The Tax Credit program will induce and incentivize private investment in the Central Business District and targeted neighborhoods by creating a clear, predictable, and efficient tax incentive in certain neighborhoods where investment is poised to occur.
- The Tax Credit program will increase the City’s residential population in an environmentally sensitive and sustainable manner.
- The Tax Credit program will create significant numbers of construction-related jobs and will generate permanent employment opportunities for Baltimore residents.
- The Tax Credit program will sustain the City’s tax base by not abating any portion of existing real property taxes, and will grow the City’s tax base through the receipt of non-abated increased real property taxes generated by the projects.
- The Tax Credit program will further grow the City’s tax base through the receipt of “piggy-back” taxes generated from such sources as Payroll Tax, Utility Tax, and Parking Taxes that are related to the residential projects.
- The Tax Credit program will improve the City’s economy through the conversion of vacant and underutilized commercial properties to market-rate residential properties, and will help to reduce the City’s vacancy rate.
- The Tax Credit program will further the goals of the City of Baltimore Comprehensive Masterplan.

cc: Kalliope Parthemos  
Angela Gibson