


F R O M	Name & Title	Walter J. Horton Real Estate Officer	CITY OF BALTIMORE MEMO	
	Agency Name & Address	Department of Real Estate 304 City Hall		
	Subject	City Council Bill 013- 0176 Tax Credits- High-Performance Market Rate Rental Housing.		

To: Honorable President and Members
of the City Council
C/o Karen Randle
Mayor's Legislative Liaison to the City Council
400 City Hall

Date: February 27, 2013

As requested, we have reviewed City Council Bill 13- 0176, which would provide a property tax credit for certain newly constructed or converted, high-performance, market rate rental housing projects; imposing certain limitations, conditions and qualifications; providing for the administration of the credit; defining certain terms; setting a date for termination of the program; and generally relating to property tax credits.

The bill would create a real property tax credit based on the incremental increase in real property taxes derived from the conversion or new construction of certain qualifying market rental projects containing 50 or more residential units, located in Baltimore's Central Business District, as well as other targeted neighborhoods. Projects must be certified LEED Silver or higher in order to qualify for the Tax Credit, and must maintain its High Performance and Market-Rent Residential status for the tax credit, otherwise the tax credit will terminate. In order to qualify, the project must be constructed on undeveloped land or convert an existing, non-residential structure to residential use, where the cost of construction exceeds \$60,000 per unit.

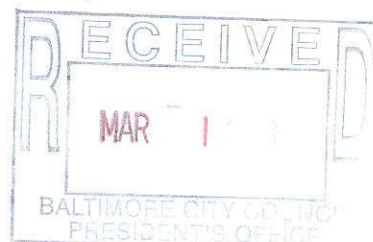
With the exception of the Maryland State Enterprise Zone Tax Credit Program, the proposed Tax Credit Program does not apply to any property for which a tax subsidy from Baltimore City has been applied for or has received. In addition, qualifying projects under this program would contain 50 or more residential units, where none of the units, (unless subject to Baltimore's inclusionary housing ordinance) are subject to rent or income limits.

The tax credit as proposed will equal a percentage of the difference between the assessed value of the project as complete, and the previous assessment on the property had no improvements been made. The credit will be applied on a diminishing scale, with 100% granted for years 1 and 2, and diminishing to 20% for years 13, 14 and 15. Beginning in year 16, full property taxes will be payable on the project. It is stressed that under no circumstances should the tax credit exceed the actual amount of the property taxes assessed on the project.

The Program will accept applications for the Tax Credit only until December 31, 2017 and if implemented will help Baltimore reach its goal of 10,000 new households by the year 2020.

The Department of Real Estate has no objections to the passage to City Council Bill 013- 0176, which would take effect on the 30th day after the bill is enacted.

cc: Angela Gibson



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