


FROM	Name & Title	Walter J. Horton Real Estate Officer	CITY OF BALTIMORE MEMO	
	Agency Name & Address	Department of Real Estate Room 304 – City Hall 100 N. Holliday Street		
	Subject	City Council Bill 14-0359 City-wide 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: May 15, 2014

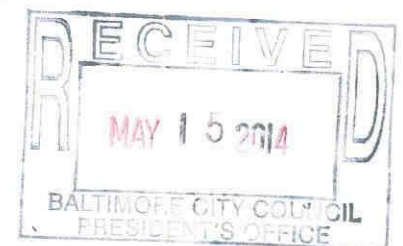
As requested, we have reviewed City Council Bill #14-0359 that would provide a City-wide tax credit for the new construction of residential projects or the reuse of formerly non-residential properties of twenty or more units. The Bill also includes certain limitations and conditions. For example, properties eligible for the existing Historic Restorations and Rehabilitations Tax Credit are excluded for this tax credit.

The Bill would build on the success of the existing 15-year tax credit program for the construction of new high-performance market-rate housing projects of 50 units or more which targets certain areas selected due to proper zoning for multi-family housing (City Council Bill #13-0176). The existing tax credit program is administered by the Department of Finance, who will also establish procedures and administer the new city-wide tax credit program. The Commission for Historical and Architectural Preservation shall establish procedures and establish criteria to determine if a project is ineligible for the credit authorized by the Bill.

In order to qualify the cost of construction must exceed \$60,000 per rental unit and the first occupancy permit is issued after January 1, 2014 and before June 30, 2019. The credit is transferable at sale provided the unit remains at market rate.

The tax credit is for a ten-year period and will allow the following reductions on the difference of the property tax liability based on the assessed value of the completed projected and the property tax liability if the project had not been undertaken :

Years 1-5	80%
Year 6	70%
Year 7	60%
Year 8	50%
Year 9	40%
Year 10	30%
Year 11+	0%



This Bill will provide an incentive to developers to construct or renovate formerly non-residential properties projects which will result in increased revenue from property taxes. The Department of Real Estate supports the passage of City Council Bill 14-0359.

Cc: Angela Gibson