



MEMORANDUM

STEPHANIE
RAWLINGS-BLAKE,
Mayor

PAUL T. GRAZIANO,
Executive Director, H/ABC
Commissioner, HCD

To: The Honorable President and Members of the Baltimore City Council
c/o Karen Randle, *Executive Secretary*

From: Paul T. Graziano, *Commissioner*

Date: March 1, 2013

Re: **City Council Bill 13-0176 – Tax Credits – High-Performance Market-Rate Rental Housing**



The Department of Housing and Community Development has reviewed City Council Bill 13-0176, which was introduced for the purpose of providing 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.

This bill would create a regime of tax credits for high-performance market-rate rental housing that would apply in certain designated neighborhoods throughout the City. In order to qualify for this 15-year tax credit, a building would be required to maintain the “high performance” green energy standard set forth by state law for the entire life of the credit, or else the credit is lost. Furthermore, the tax credit would abate the annual property taxes owed, by the following percentages:

- 100% in Years 1 and 2;
- 80% in Years 3-5;
- 70% in Year 6;
- 50% in Years 8-10;
- 40% in Year 11;
- 30% in Year 12; and
- 20% in Years 13-5.

After the fifteenth (15th) year receiving the tax credit, any property that had been receiving the credit will be back to paying the full value of any property tax based on its most recent assessment. Additionally, it is important to note that any property receiving this tax credit would not be eligible to layer any other City tax incentive(s) except for the State Enterprise Zone Tax Credit.

Because this property tax would be considered a major public subsidy under Baltimore’s Inclusionary Housing ordinance (Article 13, Section 2B-1(g)(s)(ii)) (the “IH Ordinance”), developments using the credit would trigger IH Ordinance review. Creating affordable housing that is intermingled with market rate housing is a desirable policy goal; because of the new development this credit will engender, this bill provides an excellent tool for creating mixed-income housing in neighborhoods throughout the City.

The Department of Housing and Community Development supports the adoption of City Council Bill 13-0176.

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