

CITY OF BALTIMORE
ORDINANCE _____
Council Bill 13-0176

Introduced by: The Council President
At the request of: The Administration (Baltimore Development Corporation)
Introduced and read first time: January 28, 2013
Assigned to: Taxation, Finance and Economic Development Committee
Committee Report: Favorable with amendments
Council action: Adopted
Read second time: March 18, 2013

AN ORDINANCE CONCERNING

Tax Credits – High-Performance Market-Rate Rental Housing

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.

BY authority of
Article - Tax-Property
Section(s) 9-242
Annotated Code of Maryland

BY adding
Article 28 - Taxes
Section(s) 10-17
Baltimore City Code
(Edition 2000)

SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That the Laws of Baltimore City read as follows:

Baltimore City Code

Article 28. Taxes

Subtitle 10. Credits

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.
Underlining indicates matter added to the bill by amendment.
~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from existing law by amendment.

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§ 10-17. HIGH-PERFORMANCE MARKET-RATE RENTAL HOUSING.

(A) *DEFINITIONS.*

(1) *IN GENERAL.*

IN THIS SECTION, THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

(2) *HIGH-PERFORMANCE.*

“HIGH-PERFORMANCE” MEANS A HIGH PERFORMANCE BUILDING AS DEFINED IN STATE TAX-PROPERTY ARTICLE § 9-242.

(3) *MARKET-RATE RENTAL HOUSING PROJECT.*

“MARKET-RATE RENTAL HOUSING PROJECT” MEANS A MULTI-FAMILY DWELLING:

(I) THAT CONTAINS 50 OR MORE RENTAL UNITS; AND

(II) IN WHICH DWELLING, EXCEPT TO THE EXTENT SPECIFICALLY REQUIRED BY CITY CODE ARTICLE 13, SUBTITLE 2B {“INCLUSIONARY HOUSING REQUIREMENTS”}, NONE OF THE RENTAL UNITS ARE SUBJECT TO GOVERNMENTAL RESTRICTIONS ON THE AMOUNT OF RENT CHARGED OR ON THE TENANT’S INCOME LEVEL.

(4) *NEWLY CONSTRUCTED OR CONVERTED.*

“NEWLY CONSTRUCTED OR CONVERTED” MEANS A HIGH-PERFORMANCE MARKET-RATE RENTAL HOUSING PROJECT THAT:

(I) WAS EITHER:

(A) NEWLY CONSTRUCTED ON A VACANT LOT, CLEARED SITE, OR PARKING LOT; OR

(B) CONVERTED FROM A NON-RESIDENTIAL USE; AND

(II) FOR WHICH:

(A) THE COST OF THE CONSTRUCTION OR CONVERSION EXCEEDS \$60,000 PER RENTAL UNIT; AND

(B) A FIRST OCCUPANCY PERMIT FOLLOWING THE CONSTRUCTION OR CONVERSION IS ISSUED AFTER JANUARY 1, 2013.

(B) *PROGRAM GOAL.*

THE GOAL OF THIS PROGRAM IS TO HELP GROW BALTIMORE’S RESIDENTIAL POPULATION IN AN ENVIRONMENTALLY SENSITIVE MANNER, BY ENCOURAGING THE CONSTRUCTION OR CONVERSION OF NEW HIGH-PERFORMANCE MARKET-RATE RENTAL HOUSING PROJECTS.

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1 (C) *CREDIT GRANTED.*

2 IN ACCORDANCE WITH STATE TAX-PROPERTY ARTICLE § 9-242, A HIGH-PERFORMANCE
3 MARKET-RATE RENTAL HOUSING TAX CREDIT IS GRANTED AGAINST THE CITY PROPERTY
4 TAX IMPOSED ON ELIGIBLE NEWLY CONSTRUCTED OR CONVERTED HIGH-PERFORMANCE
5 MARKET-RATE RENTAL HOUSING PROJECTS.

6 (D) *AMOUNT OF CREDIT.*

7 (1) THE AMOUNT OF THE CREDIT SHALL EQUAL A PERCENTAGE, AS SPECIFIED IN
8 PARAGRAPH (2) OF THIS SUBSECTION, OF THE DIFFERENCE BETWEEN:

9 (I) THE PROPERTY TAX LIABILITY THAT, BUT FOR THE TAX CREDIT, WOULD BE
10 OWED FOR THE FIRST FULL TAX YEAR ON THE FIRST ASSESSMENT AFTER
11 ISSUANCE OF AN OCCUPANCY PERMIT FOR THE COMPLETED PROJECT; AND

12 (II) THE PROPERTY TAX LIABILITY THAT WOULD HAVE BEEN OWED IF THE PROJECT
13 HAD NOT BEEN MADE.

14 (2) THE CREDIT IS LIMITED TO THE FOLLOWING PERCENTAGES OF THE AMOUNT COMPUTED
15 UNDER PARAGRAPH (1) OF THIS SUBSECTION:

16 (I) IN YEARS 1 AND 2 - 100%

17 (II) IN YEARS 3, 4, AND 5 - 80%

18 (III) IN YEAR 6 - 70%

19 (IV) IN YEAR 7 - 60%

20 (V) IN YEARS 8, 9, AND 10 - 50%

21 (VI) IN YEAR 11 - 40%

22 (VII) IN YEAR 12 - 30%

23 (VIII) IN YEARS 13, 14, AND 15 - 20%

24 (3) IN NO EVENT, HOWEVER, MAY THE TAX CREDIT GRANTED UNDER THIS SECTION, ALONE
25 OR COMBINED WITH THE STATE ENTERPRISE ZONE TAX CREDIT, EXCEED THE AMOUNT
26 OF THE PROPERTY TAX IMPOSED ON THE PROPERTY.

27 (E) *QUALIFIED LOCATIONS.*

28 THE PROPERTY TAX CREDIT GRANTED UNDER THIS SECTION APPLIES ONLY TO ELIGIBLE
29 IMPROVEMENTS THAT ARE LOCATED WITHIN THE FOLLOWING AREAS:

30 (1) DOWNTOWN AREA, WITHIN THE AREA THAT IS COMMON TO BOTH THE
31 DOWNTOWN MANAGEMENT AUTHORITY DISTRICT AND THE MARYLAND
32 ENTERPRISE ZONE;

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- 1 (2) RESERVOIR HILL AREA, WITHIN CENSUS TRACT 130100, CENSUS BLOCKS 2001
2 AND 3000;
- 3 (3) JONESTOWN AREA, WITHIN CENSUS TRACT 030200, CENSUS BLOCKS 1000-1002
4 AND 1014-1016;
- 5 (4) W. COLD SPRING LANE AREA, WITHIN CENSUS TRACT 13086, CENSUS BLOCKS
6 1002-1004 AND 1006;
- 7 (5) POPPLETON AREA, WITHIN:
- 8 (I) CENSUS TRACT 180100, CENSUS BLOCKS 1016, 2015-2017, AND 2021;
9 AND
- 10 (II) CENSUS TRACT 180300, CENSUS BLOCKS 1001-1002 AND 1004-1006;
- 11 (6) YORK ROAD AREA, WITHIN:
- 12 (I) CENSUS TRACT 271002, CENSUS BLOCKS 2003, 2006, 3002-3003, 3007,
13 3011, 4001, 4004-4005, 5002, AND 5005-5006; AND
- 14 (II) CENSUS TRACT 271101, CENSUS BLOCKS 1000, 1005, 3000, 3005-3006,
15 3009-3010, 3017-3018; AND
- 16 (7) BEL AIR ROAD AREA, WITHIN:
- 17 (I) CENSUS TRACT 260101, CENSUS BLOCKS 1000-1003, 1005-1009, 1011-
18 1012, 1015, 1017, 4002, 5002, 5010-5011, 5017-5018, AND 5021;
- 19 (II) CENSUS TRACT 260102, CENSUS BLOCKS 4000-4002, 5000, 5002, AND
20 5005-5008; ~~AND~~
- 21 (III) CENSUS TRACT 270401, CENSUS BLOCKS 1015-1018, 1026-1028, 1031-
22 1034, 2012, 3002, 3004-3005, AND 3010-3013; AND
- 23 (8) STATION NORTH AREA, WITHIN:
- 24 (I) CENSUS TRACT 110200, CENSUS BLOCK 1000;
- 25 (II) CENSUS TRACT 120400, CENSUS BLOCK 1010;
- 26 (III) CENSUS TRACT 120500, CENSUS BLOCKS 1001-1005, 1010-1012,
27 1017-1027, 1030-1031, 2016-2017, 2022, 2024-2025;
- 28 (IV) CENSUS TRACT 120600, CENSUS BLOCKS 3012-3022; AND
- 29 (V) CENSUS TRACT 120700, CENSUS BLOCKS 3026-3027.

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1 (F) *ADDITIONAL REQUIREMENTS.*

2 A PROPERTY TAX CREDIT GRANTED UNDER THIS SECTION SHALL:

3 (1) BE SUBJECT TO ELIGIBILITY REQUIREMENTS NO LESS STRINGENT THAN THOSE
4 APPLICABLE TO CREDITS AUTHORIZED UNDER STATE TAX-PROPERTY ARTICLE
5 § 9-242;

6 (2) BE FOR A PERIOD OF 15 YEARS FOR EACH PROPERTY, STARTING WITH THE FIRST
7 ASSESSMENT AFTER ISSUANCE OF AN OCCUPANCY PERMIT FOR THE COMPLETED
8 PROJECT;

9 (3) BE FULLY TRANSFERRABLE TO A NEW OWNER FOR THE REMAINING LIFE OF THE
10 CREDIT; AND

11 (4) TERMINATE IF, DURING THE CREDIT PERIOD, THE PROJECT:

12 (I) FAILS TO MAINTAIN ITS HIGH-PERFORMANCE RATING; OR

13 (II) NO LONGER QUALIFIES AS A MARKET-RATE RENTAL HOUSING PROJECT, AS
14 DEFINED IN THIS SECTION.

15 (G) *CONTINUING ELIGIBILITY.*

16 (1) THE PROPERTY OWNER SHALL ENSURE THAT, DURING THE CREDIT PERIOD, THE
17 PROJECT FOR WHICH THE CREDIT WAS GRANTED IS:

18 (I) IN FULL COMPLIANCE WITH THE BUILDING, FIRE, AND RELATED CODES OF
19 BALTIMORE CITY;

20 (II) MAINTAINS ITS HIGH-PERFORMANCE RATING; AND

21 (III) CONTINUES TO BE USED FOR MARKET-RATE RENTAL HOUSING.

22 (2) AT THE TIME OF APPLICATION FOR THE CREDIT, THE PROPERTY OWNER MUST SUBMIT A
23 STATEMENT OF PROJECTED ECONOMIC IMPACT AND PUBLIC BENEFITS FOR THE
24 PROJECT. 3 YEARS FROM THE DATE AN APPLICATION IS ACCEPTED, THE OWNER MUST
25 SUBMIT STATEMENTS OF ACTUAL ECONOMIC IMPACT AND PUBLIC BENEFITS FOR THE
26 PROJECT. PUBLIC BENEFIT MEASURES INCLUDE NEIGHBORHOOD REVITALIZATION
27 IMPACT, JOB CREATION, TAX GENERATION, AND MINORITY BUSINESS DEVELOPMENT.

28 (H) *NO TAX SUBSIDY DUPLICATION ALLOWED.*

29 EXCEPT FOR THE MARYLAND STATE ENTERPRISE ZONE TAX CREDIT PROGRAM, THE TAX
30 CREDIT AUTHORIZED BY THIS SECTION DOES NOT APPLY TO ANY PROPERTY FOR WHICH
31 ANY OTHER TAX SUBSIDY FROM THE CITY, WHETHER IN THE FORM OF A TAX CREDIT,
32 PAYMENT IN LIEU OF TAXES, TAX INCREMENTAL FINANCING, OR OTHERWISE, IS BEING
33 RECEIVED OR HAS BEEN APPLIED FOR.

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1 (i) *APPLICATION.*

2 (1) THE OWNER SHALL SUBMIT THE APPLICATION FOR THE TAX CREDIT TO THE FINANCE
3 DEPARTMENT, WITH A COPY TO THE OFFICE OF SUSTAINABILITY, AND PAY THE
4 APPLICATION FEE SET BY THE BOARD OF ESTIMATES.

5 (2) IF THE PROPERTY IS TRANSFERRED AT ANY TIME, THE NEW OWNER SHALL FILE AN
6 APPLICATION TO CONTINUE THE CREDIT.

7 (j) *ADMINISTRATION.*

8 THE DIRECTOR OF FINANCE MAY:

9 (1) ADOPT RULES AND REGULATIONS TO CARRY OUT THE PROVISIONS OF THIS SECTION;

10 (2) SETTLE DISPUTED CLAIMS ARISING IN CONNECTION WITH THE CREDIT AUTHORIZED
11 BY THIS SECTION; AND

12 (3) DELEGATE POWERS, DUTIES, OR FUNCTIONS IN CONNECTION WITH THE
13 ADMINISTRATION OF THE CREDIT AUTHORIZED BY THIS SECTION TO ANY EMPLOYEE
14 OR AGENCY OF THE CITY.

15 (k) *REVIEW.*

16 (1) THE DEPARTMENT OF FINANCE SHALL ESTABLISH REVIEW PROCEDURES FOR THE
17 PROGRAM.

18 (2) THE DEPARTMENT OF FINANCE SHALL ANALYZE DATA SUBMITTED UNDER SUBSECTION
19 (F)(2) OF THIS SECTION.

20 (L) *TERMINATION OF PROGRAM.*

21 APPLICATIONS FOR THE CREDIT MAY NOT BE ACCEPTED AFTER DECEMBER 31, 2017.

22 **SECTION 2. AND BE IT FURTHER ORDAINED,** That the catchlines contained in this Ordinance
23 are not law and may not be considered to have been enacted as a part of this or any prior
24 Ordinance.

25 **SECTION 3. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the 30th day
26 after the date it is enacted.

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Certified as duly passed this _____ day of _____, 20__

President, Baltimore City Council

Certified as duly delivered to Her Honor, the Mayor,
this _____ day of _____, 20__

Chief Clerk

Approved this _____ day of _____, 20__

Mayor, Baltimore City