


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 15-0585 Tax Credits – Historic Properties		

To: Honorable President and Members
of the City Council
Attn: Ms. Natawana Austin
City Hall, Room 409

Date: January 12, 2016

City Council Bill #15-0585 has been referred to the Department of Real Estate for review and response. This Bill will extend the period within which applications may be accepted for an historic tax credit, clarify the definition of “eligible improvements”; restating the purpose and goal of this credit; modifying certain criteria for a credit limitation imposed on development projects that exceed a certain amount in construction costs, providing for a special effective date; and generally relating to the property tax credit for improvements, restorations and rehabilitations to historic properties.

The proposed legislation would extend the deadline for submission of new applications for the Historic Tax Credit five years, from February 29, 2016 to February 28, 2021.

The proposed legislation increases the limitation on development projects from \$3.5 million to \$5 million in documented costs, with the tax credit limited to the following percentages:

- | | | | |
|-------|----------------------|---|-----|
| (i) | In years 1 through 5 | - | 80% |
| (ii) | In year 6 | - | 70% |
| (iii) | In year 7 | - | 60% |
| (iv) | In year 8 | - | 50% |
| (v) | In year 9 | - | 40% |
| (vi) | In year 10 | - | 30% |

In addition to the revision in the limitation on projects, the proposed legislation addresses the use of tax credits incentivizing the creation of market rate housing through the use of the High Performance Market Rate Rental Housing credits provided by the City. Many properties were eligible for both types of credits.

Historic Tax Credits have been used in the City since 1997; nearly 4000 rehabilitation projects are included in the program.

The Department of Real Estate has no objections to the passage of City Council Bill 15-0585.

Cc: Angela Gibson