

The Impacts of the Baltimore City Tax Credit for Historic Restorations and Rehabilitations

If the results of the study of the Baltimore CHAP credit were to be summarized in one sentence it would be this: **The CHAP credit has done exactly what it was meant to do.**

- CHAP credits have been used on **more than 3,500 properties** attracting private investment of nearly **\$1.2 billion**.
- Properties whose **CHAP credit have already expired are worth \$211 million**; in 2000 they were worth \$17 million.
- This year those properties generated **\$5.9 million dollars in tax revenues**.
- Over the next 10 years, Baltimore will receive more than **\$43 million dollars in tax revenues** from properties whose CHAP credit expires.
- Because of private investment and increasing property values, the taxes foregone over 10 years are **recouped in just over 7 years**.
- The City is foregoing around \$10 million a year through the CHAP credit. But if even half of the projects would not have happened without the credit, **the City is better off financially than if there were no credit**.
- The CHAP credit has meant jobs. Each year over the past five years, **an average 600 direct and indirect jobs and \$36 million in labor income** have resulted from CHAP credit projects.
- During the Great Recession, CHAP projects were counter-cyclical, **increasing in activity while overall construction activity declined**.
- CHAP projects have a halo effect, **enhancing the values of properties nearby** at rates exceeding the rest of the City.
- The CHAP credits have both **stabilized and improved neighborhoods based on Baltimore's Housing Market Typology**. Since 2005, more than a quarter of parcels in eligible areas saw their neighborhoods moving up in Housing Market Typology ratings—more than two and a half times the number that declined in status. For the rest of the city, however, less than 15% saw measurable neighborhood improvement based on HMT criteria, while nearly 12% saw a decline.
- In the neighborhoods that experienced high intensity use of the CHAP credit, two-thirds **increased in population** between 2000 and 2017 while the City as a whole declined in population by 4.8%.

When first adopted in 1996, the goal of the CHAP credit was, "To help preserve and revitalize Baltimore's neighborhoods by encouraging home and business owners to make special efforts to restore or rehabilitate historic buildings." That goal has certainly been met, **with enhanced property values and tax collections, stabilized neighborhoods, job creation, and attraction of new residents to the City as a bonus.**