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**BALTIMORE CITY COUNCIL
WAYS AND MEANS
COMMITTEE**

Mission Statement

The Committee on Ways and Means (WM) is responsible for ensuring taxpayer dollars are expended prudently and equitably. WM will exercise regular oversight of the City's budget, expenditures, loans, and other financial matters. The committee's areas of jurisdiction include: budget & appropriations, taxation, financial services, consumer protection, audits, and the Comptroller's Office.

**The Honorable Eric T. Costello
Chairman**

PUBLIC HEARING

**TUESDAY, NOVEMBER 9, 2021
10:00 AM**

VIRTUAL WEBEX MEETING

Council Bill 21-0167

**High-Performance Market-Rate Rental Housing Tax Credit -
Citywide - Application Extension**

CITY COUNCIL COMMITTEES

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John Bullock – Vice Chair
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Odette Ramos
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Staff: Jennifer Coates

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BILL SYNOPSIS

Committee: Ways and Means

Bill: 21-0167

High-Performance Market-Rate Rental Housing Tax Credit - Citywide - Application Extension

Sponsor: Councilmembers Costello, et al

Introduced: October 18, 2021

Purpose:

For the purpose of extending the period within which applications may be accepted for the High-Performance Market-Rate Rental Housing Tax Credit - Citywide and providing for a special effective date.

Effective: On the date it is enacted.

Agency Reports

Law Department	Favorable
Department of Planning	No Objection/Defers to Finance
Baltimore Development Corporation	None as of this writing
Department of Finance	None as of this writing
Department of Housing and Community Development	No Objection
LIVE Baltimore	None as of this writing

Analysis

Current Law

Article 28 Taxes, Under Subtitle 10 of the Baltimore City Code outlines the rules, mandates and/or regulations pertaining to tax credits.

Background

The High-Performance Market-Rate Rental Tax Credit – Citywide encourages the development of new or converted market-rate apartments in the City. (See Attachments - Appendix One and News Article)

If approved, Council Bill 21-0167 would extend the tax credit by five (5) years; from December 31, 2022 to December 31, 2027.

Additional Information

Fiscal Note: None

Information Source(s): City Code, Council Bill 21-0167, Baltimore Development Corporation Website and all agency reports received as of this writing.

Marguerite M. Currin

Analysis by: Marguerite M. Currin
Analysis Date: November 4, 2021

Direct Inquiries to: (443) 984-3485

APPENDIX ONE

High Performance Market-Rate Rental Housing Tax Credit

Baltimore has extended the 10-year High Performance Market-Rate Rental Housing Tax Credit aimed at encouraging development of new or converted market-rate apartments in the City. The tax credit is based on the increase in the value of real property due to improvements that were made.

For questions about the tax credit, please contact us by phone at 410-837-9305 or via email at info@BaltimoreDevelopment.com.

Citywide 10-year tax credit:

- For newly constructed, wholly renovated, or converted from non-residential building
- Contains 20 or more residential units
- Construction/conversion costs exceeds \$60,000 per unit
- Meets minimum of LEED Silver certification or the Baltimore City Green Building Code Standard Two Green Star rating
- Projects that are eligible for the City's Historic (CHAP) Tax Credit are not eligible

Below is the breakdown of the 10-year tax credit.

	Citywide 10-year
Year 1	80 percent
Year 2	80 percent
Year 3	80 percent
Year 4	80 percent
Year 5	80 percent
Year 6	70 percent
Year 7	60 percent
Year 8	50 percent
Year 9	40 percent

Citywide 10-year

Year 10

30 percent

City of Baltimore: Mayor, In Partnership with City Council, Announces Plans to Reauthorize Three Tax Credits

Press Release Desk, News Partner

Posted Tue, Oct 19, 2021 at 2:49 pm ET

[Press release from the City of Baltimore:](#)

BALTIMORE, MD. (Tuesday, October 19, 2021) – Mayor Brandon M. Scott, in partnership with the City Council, is announcing plans to reauthorize three tax credits set to expire: the CHAP Tax Credit, the Newly Constructed Dwelling Tax Credit, and the High-Performance Market Rate Tax Credit. The reauthorization bills associated with the credits were introduced by the City Council yesterday evening and will start to move through the City Council process for approval.

[The Mayor will also establish a Tax Credit Review Committee](#), which will be tasked with evaluating Baltimore's existing tax credits and ensuring the city's incentive program sustainably and equitably grows the City's tax base. The committee will be co-chaired by Councilmember Eric Costello and Downtown Partnership of Baltimore President Shelonda Stokes.

"I look forward to working closely with Council President Mosby, Councilman Costello, Shelonda Stokes, and the Tax Credit Review Committee to ensure our incentive structure is fit for today's Baltimore, while simultaneously benefiting our residents, homeowners, local business community, and overall strategy for growth," said Mayor Brandon M. Scott.

"Growing Baltimore in a responsible and equitable way is paramount and getting our tax code right plays an important role in achieving that goal and ultimately transforming our city," said City Council President Nick J. Mosby. "As Baltimore's leaders, we must always be intentional about developing sustainable solutions that bolster smart and equitable development. I am excited to help establish this review committee and will do all I can to support and extend tax credits that deliver results."

As the development timetables for projects can take years to come to fruition, the reauthorization of these three tax credits would build predictability into the process and aid projects in moving forward:

- **CHAP Tax Credit** — Incentivizes homeowners and small businesses to make substantive rehabilitation of buildings in historic neighborhoods, from row homes to the adaptive reuse of commercial properties.

- **Newly Constructed Dwelling Tax Credit** — Incentivizes construction of new row homes and the substantial rehabilitation of vacant homes.
- **High Performance Market Rate Tax Credit** — Incentivizes construction of new apartment buildings and the conversion of vacant commercial properties to apartment buildings.

"The reauthorization of these credits is critically important to growing our City, creating new jobs, and ensuring opportunity across all neighborhoods," said **Councilman Eric T. Costello, chairman of the Council's Ways and Means Committee**. "By establishing the Tax Credit Review Committee, the Mayor's deliberate approach will make sure that we continue to offer credits that have demonstrated results in growing our city and that we act in a fiscally-prudent manner to drive economic development in all communities."

"These tax credits have fueled development across the city so it's important to keep them going while we perform a comprehensive review of what's working, what's not, and where we have unmet needs," said **Downtown Partnership President, Shelonda Stokes**. "The process matters moving forward, as we create new tools to stimulate investment, equity, and economic opportunity."

The membership of the Tax Credit Review Committee is still being finalized and will be announced in the coming weeks.

Council Bill: 21-0167

AGENCY REPORTS

CITY OF BALTIMORE

BRANDON M. SCOTT
Mayor



DEPARTMENT OF LAW
JAMES L. SHEA, CITY SOLICITOR
100 N. HOLLIDAY STREET
SUITE 101, CITY HALL
BALTIMORE, MD 21202

October 26, 2021

The Honorable President and Members
of the Baltimore City Council
Attn: Executive Secretary
Room 409, City Hall
100 N. Holliday Street
Baltimore, Maryland 21202

Re: City Council Bill 21-0167 – High-Performance Market-Rate Rental
Housing Tax Credit – Citywide – Application

Dear President and City Council Members:

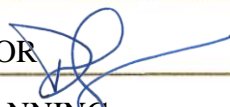

The Law Department has reviewed City Council Bill 21-0167 for form and legal sufficiency. The bill would change the termination date for the tax credit program to allow applications for the tax credit to be received until December 31, 2027.

The General Assembly has given the City the authority to enact this tax credit. Md. Code, Tax-Prop., § 9-242. This includes the authority to adopt the duration of the tax credit. Md. Code, Tax-Prop., § 9-242(c)(2). The extension of this program is consistent with this state enabling legislation. The Law Department approves this bill for form and legal sufficiency.

Very truly yours,

Hilary Ruley
Chief Solicitor

cc: James L. Shea, City Solicitor
Nina Themelis, Mayor's Office of Government Relations
Elena DiPietro, Chief Solicitor, General Counsel Division
Ashlea Brown, Chief Solicitor
Victor Tervalva, Chief Solicitor

FROM	NAME & TITLE	CHRIS RYER, DIRECTOR 	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	DEPARTMENT OF PLANNING 8 TH FLOOR, 417 EAST FAYETTE STREET		
	SUBJECT	CITY COUNCIL BILL #21-0167/ HIGH-PERFORMANCE MARKET-RATE RENTAL HOUSING TAX CREDIT – CITYWIDE – APPLICATION EXTENSION		

TO

The Honorable President and
Members of the City Council
City Hall, Room 400
100 North Holliday Street

DATE: October 20, 2021

The Department of Planning is in receipt of City Council Bill #21-0167, which is for the purpose of extending the period within which applications may be accepted for the High-Performance Market-Rate Rental Housing Tax Credit - Citywide and providing for a special effective date.

The Department of Planning has **no objection** to City Council Bill #21-0167, and defers to the Department of Finance as the more directly impacted agency. This bill will extend the deadline for applications for an additional two years.

If you have any questions, please contact Mr. Eric Tiso, Division Chief, Land Use and Urban Design Division at 410-396-8358.

CR/ewt

cc: Ms. Natasha Mehu, Mayor's Office
Ms. Nina Themelis, Mayor's Office
The Honorable Eric Costello, Council Rep. to Planning Commission
Mr. Matthew Stegman, City Council President's Office
Ms. Nikki Thompson, City Council President's Office
Mr. Colin Tarbert, BDC
Ms. Kathleen Byrne, BMZA
Mr. Geoffrey Veale, Zoning Administration
Ms. Stephanie Murdock, DHCD
Ms. Elena DiPietro, Law Dept.
Mr. Francis Burnszynski, PABC
Mr. Liam Davis, DOT
Ms. Natawna Austin, Council Services
Mr. Henry J. Raymond, Dept. of Finance



MEMORANDUM

To: The Honorable President and Members of the Baltimore City Council
c/o Natawna Austin, Executive Secretary

From: Alice Kennedy, Acting Housing Commissioner

Date: October 25, 2021

Re: City Council Bill 21-0167 High-Performance Market-Rate Rental Housing Tax Credit – Citywide – Application Extension

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 21-0167 for the purpose of extending the period within which applications may be accepted for the High-Performance Market-Rate Rental Housing Tax Credit - Citywide and providing for a special effective date.

If enacted, City Council Bill 21-0167 would extend the deadline for applications for an additional 5 years. The current credit is set to expire December 31, 2022, this legislation would extend the credit until December 31, 2027.

DHCD's role in the award of these tax credits is two-fold and driven by those seeking the credit, we evaluate projects to determine if they are required to provide inclusionary housing units and verify the "green building" status of buildings.

High-Performance Market-Rate Rental Housing Tax Credits incentivize the construction of new apartment buildings and the conversion of vacant commercial properties to apartment buildings and may provide additional housing options for Baltimore City residents.

DHCD has **no objection** to the passage of City Council Bill 21-0167.

AK/sm

cc: Ms. Nina Themelis, Mayor's Office of Government Relations

Brandon M. Scott, Mayor • **Alice Kennedy**, Acting Housing Commissioner

417 East Fayette Street • Baltimore, MD 21202 • 443-984-5757 • dhcd.baltimorecity.gov

**CITY OF BALTIMORE
COUNCIL BILL 21-0167
(First Reader)**

Introduced by: Councilmember Costello, President Mosby, Councilmembers Stokes, Middleton,
Bullock, Glover, Schleifer, Cohen, Torrence, Burnett, Conway

Introduced and read first time: October 18, 2021

Assigned to: Ways and Means Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Department of Planning, Baltimore
Development Corporation, Department of Finance, Department of Housing and Community
Development, Live Baltimore

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **High-Performance Market-Rate Rental Housing Tax Credit – Citywide – Application**
3 **Extension**

4 FOR the purpose of extending the period within which applications may be accepted for the High-
5 Performance Market-Rate Rental Housing Tax Credit – Citywide and providing for a special
6 effective date.

7 BY repealing and reordaining, with amendments

8 Article 28 - Taxes

9 Section 10-18(1)

10 Baltimore City Code

11 (Edition 2000)

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

14 **Baltimore City Code**

15 **Article 28. Taxes**

16 **Subtitle 10. Credits**

17 **§ 10-18. High-performance market-rate rental housing – Citywide.**

18 (1) *Termination of program.*

19 Applications for the credit may not be accepted after December 31, [2022] 2027.

20 **SECTION 2. AND BE IT FURTHER ORDAINED,** That this Ordinance takes effect on the date it is
21 enacted.

EXPLANATION: CAPITALS indicate matter added to existing law.
[Brackets] indicate matter deleted from existing law.