

**CITY OF BALTIMORE
COUNCIL BILL 13-0176
(First Reader)**

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

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Planning Commission, Department of Housing and Community Development, Department of Real Estate, Baltimore Development Corporation, Department of Finance, Board of Estimates, Commission on Sustainability

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Tax Credits – High-Performance Market-Rate Rental Housing**

3 FOR the purpose of providing a property tax credit for certain newly constructed or converted
4 high-performance market-rate rental housing projects; imposing certain limitations,
5 conditions, and qualifications; providing for the administration of the credit; defining certain
6 terms; setting a date for termination of the program; and generally relating to property tax
7 credits.

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

12 BY adding
13 Article 28 - Taxes
14 Section(s) 10-17
15 Baltimore City Code
16 (Edition 2000)

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

19 **Baltimore City Code**

20 **Article 28. Taxes**

21 **Subtitle 10. Credits**

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

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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.

23 (F) *ADDITIONAL REQUIREMENTS.*

24 A PROPERTY TAX CREDIT GRANTED UNDER THIS SECTION SHALL:

25 (1) BE SUBJECT TO ELIGIBILITY REQUIREMENTS NO LESS STRINGENT THAN THOSE
26 APPLICABLE TO CREDITS AUTHORIZED UNDER STATE TAX-PROPERTY ARTICLE
27 § 9-242;

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

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

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

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

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

5 (G) *CONTINUING ELIGIBILITY.*

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

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

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

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

12 (2) AT THE TIME OF APPLICATION FOR THE CREDIT, THE PROPERTY OWNER MUST SUBMIT A
13 STATEMENT OF PROJECTED ECONOMIC IMPACT AND PUBLIC BENEFITS FOR THE
14 PROJECT. 3 YEARS FROM THE DATE AN APPLICATION IS ACCEPTED, THE OWNER MUST
15 SUBMIT STATEMENTS OF ACTUAL ECONOMIC IMPACT AND PUBLIC BENEFITS FOR THE
16 PROJECT. PUBLIC BENEFIT MEASURES INCLUDE NEIGHBORHOOD REVITALIZATION
17 IMPACT, JOB CREATION, TAX GENERATION, AND MINORITY BUSINESS DEVELOPMENT.

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

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

24 (I) *APPLICATION.*

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

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

30 (J) *ADMINISTRATION.*

31 THE DIRECTOR OF FINANCE MAY:

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

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

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

6 (K) *REVIEW.*

7 (1) THE DEPARTMENT OF FINANCE SHALL ESTABLISH REVIEW PROCEDURES FOR THE
8 PROGRAM.

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

11 (L) *TERMINATION OF PROGRAM.*

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

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

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