



## MEMORANDUM

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

From: Alice Kennedy, Housing Commissioner

Date: May 9, 2023

### **Re: City Council Bill 23-0369 High-Performance Inclusionary Housing Tax Credit**

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 23-0369 for the purpose of establishing a High-Performance Inclusionary Housing Tax Credit; providing for the eligibility criteria of the tax credit; establishing the amount of the tax credit; requiring a certain annual report; defining certain terms; and generally relating to the High-Performance Inclusionary Housing Tax Credit.

If enacted, City Council Bill 23-0369 would create a credit against the City's portion of the real property tax for certain properties providing inclusionary housing. This legislation is a companion Bill to *City Council Bill 22-0195 Inclusionary Housing for Baltimore City*.

The General Assembly has given the City the power to enact local real property tax credits for green buildings, deemed high performance, with almost any additional criteria that the City desires. This Bill uses the broad authority given to Baltimore City to further incentivize development of High-Performance buildings. Currently we have three High Performance tax credits - High Performance Market Rate Rental - Citywide, High Performance Targeted, and High-Performance New Construction. This Bill would create a High-Performance Inclusionary Tax Credit.

The Baltimore Inclusionary Housing Requirements Study commissioned by the Department of Housing and Community Development from Enterprise Community Partners, recommended that a new Inclusionary Housing Program Include an additional 15% property tax abatement for 10 years to cover the gap between the market rent and the rent that can be collected from tenants with 60% and 80% Area Median Income. The report further noted that Inclusionary housing would be most successful if targeted to the City's strongest market locations such as Core Markets.

DHCD recognizes the value of and supports Inclusionary Housing as a tool to achieve the Administration's objectives around equitable neighborhood development by creating economically diverse neighborhoods, and providing access and opportunities to housing, schools, shopping, services, and jobs that might not otherwise be available. DHCD defers to the Finance Department as to coupling this new credit with any other subsidies or tax credits.



DHCD supports the intent of City Council Bill 23-0369 but **defers to the Department of Finance** as the directly impacted agency.

AK/sm

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