



**BALTIMORE CITY COUNCIL
HOUSING & ECONOMIC DEVELOPMENT COMMITTEE**

**The Honorable James Torrence
Chairperson**

PUBLIC HEARING

**Thursday February 18, 2025
4:00 PM
CLARENCE "DU" BURNS COUNCIL CHAMBERS**

***Bill #25-0003
Historic Preservation – Conservation Districts –
Establishment***

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LEGISLATIVE OVERSIGHT

Committee: Housing & Economic Development
25-0003

Historic Preservation Conservation Districts – Establishment

Purpose:

FOR the purpose of establishing Conservation Districts; providing a study, proposal, and review process; defining certain terms; and providing for a special effective date.

BY repealing and re-ordaining, with amendments,
Article 6 - Historical and Architectural Preservation
Sections 1-1, 2-9(a)(2)(ii)(A), 2-10(b), 3-1, 3-2, 3-5(a), 3-7, 3-8(a), 3-9(a), 5-3, 6-1, 6-3(b),
8-2(a), 8-4(c), 8-9, 8-15(a), and 9-1(a)

BY repealing and re-ordaining, with amendments,
Article 6 - Historical and Architectural Preservation
The subtitle designation “Subtitle 3. Designation of Districts” immediately preceding
Section 3-1

BY repealing and re-ordaining, with amendments,
Article 28 - Taxes
Section 10-8(a)(4)

REPORTING AGENCIES

Reporting Agency	Report Status
Law Dept	Approved for form & sufficiency
CHAP ¹	Favorable
DHCD ²	Favorable
Dept of Transportation	Favorable
Dept of Public Works	With out recommendation
City Administrator Office	
Baltimore Development Corporation	Favorable
Dept of Finance	Opposes
Dept of Planning	Favorable
Planning Commission	

¹ CHAP – Commission for Historical & Architectural Preservation

² DHCD – Dept of Housing & Community Development

BACKGROUND

This bill if enacted would insert a historic conservation district into the City code to protect historically designated areas. It would also add properties in these areas to those able to receive tax credits for historic property. Historic Conservation Districts have “a concentration of historically significant structures that together create a unique historic character for neighborhoods that is worthy of preservation for future generations.”³ Much like the Landmark Exterior list process, CHAP would administer the Historic Conservation District process to protect these areas. Unlike in the Historic District Designation & Baltimore City Landmarks where CHAP would need to review and approve all exterior changes. This would allow for an expanded use of the designation, the protections associated with the designation, and tax credit.

City Law

Article 6 of the City Code (Historical & Architectural Preservation) lays out:

1. The creation of the CHAP commission, staff, & Director (Subtitle 2)
2. How a property may be designated for historical status (Subtitle 3)
 - a. Requires a study by CHAP
 - b. Findings of Fact from public hearings
 - c. Review from CHAP, Planning, & other agencies designated by the Council President.
 - d. Ordinance from Mayor & City Council
3. Incentive programs for historical properties such as reimbursing property owners up to 20% of the cost for reconstruction, alteration, removal, repair, or painting. (Subtitle 2-10)
4. Requires CHAP to maintain a Landmark exterior list, a Landmark public interior list, a List of potential landmarks & an Inventory of Historic Places (Subtitles 4, Subtitle 5, & Subtitle 6 respectively).
5. Inventory of preservation districts (Subtitle 11)

Definitions added to the law:

- Authorization to Proceed – an approval from the CHAP commission that allows for alterations to a historic structure. It must include a description of the work & be issued by the director or designee after the commission’s approval. The director may also issue such authorizations with conditions.
- Conservation District – or historical conservation district is an area designated as a conservation district under subtitle 3 of the article. Such areas will have an ordinance to the effect of recognizing them as such by the Mayor and City council, with

³ CHAP Memo

appropriate findings of fact, a study by CHAP & referred to other City Agencies for review.

The proposed process for Historic Preservation District would mirror that for Landmarks in the city in that the process would:⁴

1. start with an in-depth study of the proposed district by CHAP.
2. Be referred to the City Council to have a ordinance introduced
 - a. The council will be required to create a findings of fact that would include:
 - i. Evidence that the conservation district complies with the requirements for Local Government Certification under the National Historic Preservation Act,
 - ii. The Secretary of the Interior's Standards for Identification and Registration, and
 - iii. CHAP's own Historic Preservation Procedures and Guidelines.
 - b. Any one wishing to contest a ordinance passed for a Historic Preservation District would have 30 days to begin that process.

Agency Reports

Department of Transportation

The Department of Transportation (DOT) is in favor of this bill but has noted some areas where this bill may have additional costs. Notably in⁵:

- Street lighting because Historic Preservation Districts may qualify for ornamental street lighting which according to DOT costs about 3 times as much as the standard aluminum lighting pole which is the standard in much of the City.
- ADA compliant projects – Historic Preservation Districts may require certain materials be used in construction and building within the district – this may have implications on what materials may be used in ADA compliant projects such as ramps and curbs may be affected both in terms of number of projects that can be completed and cost of those projects.
- Street resurfacing – historic surfaces such as exposed aggregate sidewalks and Belgian block roadways require additional coordination with CHAP to repair and replace. Usually DOT replaces these surfaces with in kind materials but can substitute with other materials with community input and CHAP approval.
- Brick repair – in Historic Preservation Districts DOT will need to coordinate brick repair with CHAP which will add another layer to the project which may affect the speed which these projects can be completed in.

⁴ CHAP Staff report

⁵ DOT Report

CHAP

In their memo and staff report CHAP notes that this system is their proposed solution to feedback received from community associations who are looking for a historical designation process for their community that is less stringent in review requirements than the current local historic district designation.

CHAP staff see the benefits of the Historic Conservation District as:⁶

- Preserve and protect the overall historic character of a district.
- Provide a public forum for community input for new construction, demolition, and significant alterations.
- Historic properties in conservation districts will be eligible to apply for historic preservation tax credits.
- Maintenance and rehabilitation costs will be more affordable.
- Preserve and celebrate the history of ALL Baltimoreans.

CHAP sees this bill as complying with the Dept. of Planning's Equity Action Plan in the following ways⁷:

- **Structural Equity:** Local historic district seems to not be the appropriate tool to preserve historic character in neighborhoods with many residents on limited means. Conservation districts would allow for protection of the most important aspects of historic character while not imposing a financial burden on property owners.
- **Procedural Equity:** Conservation district designation would allow more neighborhoods to participate in design review for their neighborhoods. It would provide a public forum for neighborhood associations to participate in the redevelopment of their communities, especially the review of demolition, new construction, and large additions.
- **Distributional Equity:** Conservation district designation would allow for more property owners to participate in the tax credit programs as well as design review.
- **Transgenerational Equity:** Conservation districts would help preserve historic buildings for generations to come, and by doing so help retain value of these properties. All economic analyses of historic preservation show that

Department of Finance

The Dept of Finance opposes this bill based on several factors:

1. The department believes that there should be more focus on structural change to the city's property tax for homeowners across the board.

⁶ CHAP Staff report

⁷ CHAP Staff report

- a. The department notes that the Tax Credit Workgroup will be submitting its report to the Mayor in the coming months and that report will include an analysis of CHAP.
2. The tax credit will not target low and middle-income communities.
 - a. In its analysis the Dept of Finance sees the CHAP tax credit as benefitting high-income communities with strong housing markets. In contrast, the Dept highlights DHCD's Framework for Community Development which focuses on lower to middle-income communities with anchor institutions and/or strong market areas. The dept does not see this tax credit as aligned with this framework.
3. The tax credit means that the city will not see any revenue from the property for the duration of the credit (10 years)
 - a. Dept of Finance sees the cost of the credit based on its utilization over the next 10 years as being between 85.8 to 184.3 million dollars

The Department of Finance recommends postponing any expansion of the tax credit until after the Tax Credit Workgroup has completed its review and reported out.

ADDITIONAL INFORMATION

Fiscal Note:

Staffing & Program Implementation

According to their memo submitted to the committee CHAP believes that they currently have the capacity to support the implementation of this policy but would need additional staff in order to support it moving forward. The estimate that CHAP would need one additional staff position and breaks down the cost as:

- Total impact: \$129,377.00
- Salary: \$91,078.00
- OPC: \$38,299.00
- Total Positions: 1

CHAP believes that this cost would be offset by an increase in fees for historic tax credits and an increase in the number of fees collected for permits for historic designation.⁸

Historic Tax Credit

According to a study submitted to the Council by CHAP the Historic Tax Credit has been a net benefit to the city. The study estimates that the city forgoes approximately 10 million a year in revenue from the tax credit but has experienced value from:⁹

⁸ CHAP Memo

⁹ CHAP An Analysis of the Baltimore Historic Preservation Tax Credit

1. Private investment in rehabilitated historic buildings (estimated to be 1.2 billion over 3500 properties)
2. Increased property value
 - a. Historic properties and districts have a halo effect where properties nearby also see an increase in their value.
 - b. Because of private investment and increased property value the money lost as a result of the credit over a period of 10 years has been recouped over 7 years.
3. Increased taxes from properties where the tax credit has expired (5.9 million paid in 2019 v. 1.3 million in 2000)
 - a. CHAP is expecting properties with expiring tax credits to pay 43 million over the next 9 years to the city.
4. Jobs – the CHAP study estimates that over 600 direct and indirect jobs have been generated via the tax credit.
 - a. This results in about 36 million in wages generated.

Information Source(s):

- CHAP An Analysis of the Baltimore Historic Preservation Tax Credit
 - Agency reports (see reports attached to bill file & in the hearing packet)
 - 25-0003 1st reader
 - City Code Article 6
-

Analysis by: Tony Leva

Direct Inquiries to: 410-396-1091

Analysis Date: March 10, 2025

CITY OF BALTIMORE
COUNCIL BILL 25-0003
(First Reader)

Introduced by: Councilmember Bullock

Cosponsored by: Councilmembers Conway, Middleton, Torrence, Gray, Porter, Blanchard,
Jones, Glover, Ramos, and President Cohen

Introduced and read first time: January 13, 2025

Assigned to: Housing and Economic Development Committee

REFERRED TO THE FOLLOWING AGENCIES: City Solicitor, Commission for Historical and
Architectural Preservation, Department of Housing and Community Development, Department
of Transportation, Department of Public Works, Office of the City Administrator, Baltimore
Development Corporation, Department of Finance, Department of Planning, Planning
Commission

A BILL ENTITLED

1 AN ORDINANCE concerning

2 **Historic Preservation – Conservation Districts – Establishment**

3 FOR the purpose of establishing Conservation Districts; providing a study, proposal, and review
4 process; defining certain terms; and providing for a special effective date.

5 BY repealing and re-ordaining, with amendments,

6 Article 6 - Historical and Architectural Preservation

7 Sections 1-1, 2-9(a)(2)(ii)(A), 2-10(b), 3-1, 3-2, 3-5(a), 3-7, 3-8(a), 3-9(a), 5-3, 6-1, 6-3(b),
8 8-2(a), 8-4(c), 8-9, 8-15(a), and 9-1(a)

9 Baltimore City Code

10 (Edition 2000)

11 BY repealing and re-ordaining, with amendments,

12 Article 6 - Historical and Architectural Preservation

13 The subtitle designation “Subtitle 3. Designation of Districts” immediately preceding

14 Section 3-1

15 Baltimore City Code

16 (Edition 2000)

17 BY repealing and re-ordaining, with amendments,

18 Article 28 - Taxes

19 Section 10-8(a)(4)

20 Baltimore City Code

21 (Edition 2000)

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

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

Council Bill 25-0003

Baltimore City Code

Article 6. Historical And Architectural Preservation

Subtitle 1. Definitions; General Provisions

§ 1-1. Definitions.

(a) *In general.*

In this article, the following terms have the meanings indicated.

(B) *AUTHORIZATION TO PROCEED.*

“AUTHORIZATION TO PROCEED” MEANS APPROVAL FROM THE COMMISSION FOR HISTORICAL AND ARCHITECTURAL PRESERVATION THAT:

(1) PERMITS AN APPLICANT TO COMPLETE ALTERATIONS TO A HISTORIC STRUCTURE, AS PROPOSED IN THE APPLICATION;

(2) IS ISSUED BY THE DIRECTOR OR THE DIRECTOR’S DESIGNEE FOLLOWING THE COMMISSION’S APPROVAL;

(3) INCLUDES A DESCRIPTION OF THE PROPOSED WORK; AND

(4) MAY BE APPROVED BY THE COMMISSION OR ISSUED BY THE DIRECTOR WITH CONDITIONS.

(C) [(b)] *Building Official.*

“Building Official” has the meaning stated in § 103.1 of the Baltimore City Building Code.

(D) [(c)] *Commission; CHAP.*

“Commission” or “CHAP” means the Commission for Historical and Architectural Preservation established under this article.

(E) *CONSERVATION DISTRICT.*

“CONSERVATION DISTRICT” OR “HISTORICAL CONSERVATION DISTRICT” MEANS AN AREA DESIGNATED AS A CONSERVATION DISTRICT UNDER SUBTITLE 3 {“DESIGNATION OF PRESERVATION DISTRICTS AND CONSERVATION DISTRICTS”} OF THIS ARTICLE.

Council Bill 25-0003

(F) [(d)] *Demolition.*

“Demolition” includes “demolition by neglect”, which means neglect in the maintenance or repair of a structure, resulting in any of the following conditions:

- (1) the deterioration of any architectural feature so as to create or permit the creation of a hazardous or unsafe condition;
- (2) the deterioration of walls or other vertical supports;
- (3) the deterioration of roofs or other horizontal members;
- (4) the deterioration of chimneys;
- (5) the deterioration or crumbling of plaster or mortar; or
- (6) the ineffective waterproofing of walls, roofs, and foundations, including broken windows and doors.

(G) *DISTRICT.*

“DISTRICT” MEANS A HISTORICAL AND ARCHITECTURAL PRESERVATION DISTRICT OR A HISTORICAL CONSERVATION DISTRICT.

(H) [(e)] *Executive Director; Director.*

“Executive Director” or “Director” means the Executive Director of the Commission for Historical and Architectural Preservation or the Director’s designee.

(I) [(f)] *Historical and Architectural Preservation District; Preservation [District;] District.*

[“Historical and Architectural Preservation District”, “Preservation District”, or “District” or “Preservation District” means an area designated as an Historical and Architectural Preservation District under Subtitle 3 {“Designation of Districts”}, of this article.]

“HISTORICAL AND ARCHITECTURAL PRESERVATION DISTRICT” OR “PRESERVATION DISTRICT” MEANS AN AREA DESIGNATED AS A HISTORICAL AND ARCHITECTURAL PRESERVATION DISTRICT UNDER SUBTITLE 3 {“DESIGNATION OF HISTORICAL DISTRICTS AND HISTORICAL CONSERVATION DISTRICTS”}, OF THIS ARTICLE.

[(g) {*Repealed*}]

(J) [(h)] *Landmark.*

“Landmark” means a property listed on a Landmark List.

Council Bill 25-0003

1 (K) [(i)] *Landmark List*.

2 “Landmark List” means either or both of the following, as established and maintained
3 under Subtitle 4 {“Designation of Landmarks”}, of this article:

4 (1) the Landmark List: Exteriors; and

5 (2) the Landmark List: Public Interiors.

6 (L) [(j)] *Person*.

7 (1) *In general*.

8 “Person” has the meaning stated in § 1-107(a) {“Person: In general”} of the City
9 Code’s General Provisions Article.

10 (2) *Qualified inclusion of governmental entities*.

11 Notwithstanding § 1-107(b) {“Person: Exclusion”} of the General Provisions Article,
12 in this article “person” also includes, except as used in § 9-4 {“Criminal penalties”}
13 of this article, a governmental entity or an instrumentality or unit of a governmental
14 entity.

15 (M) [(k)] *Potential Landmark*.

16 “Potential Landmark” means a property listed on a Potential-Landmark List.

17 (N) [(l)] *Potential-Landmark List*.

18 “Potential-Landmark List” means either or both of the following, as established and
19 maintained under Subtitle 5 {“Designation of Potential Landmarks”}, of this article:

20 (1) the Potential-Landmark List: Exteriors; and

21 (2) the Potential-Landmark List: Public Interiors.

22 (O) [(m)] *Public interior*.

23 “Public interior” means any part of a structure’s interior that is determined by the
24 Commission to be:

25 (1) customarily open or accessible to the public; and

26 (2) of historical or architectural significance.

27 (P) [(n)] *Regulated alteration*.

28 “Regulated alteration” means any addition, alteration or other action described in § 8-2(a)
29 {“Building permit required: Exterior structures”} or § 8-2(b) {“Building permit required:
30 Public interiors”}, as the case may be, of this article.

Council Bill 25-0003

(Q) [(o)] *Structure*.

“Structure” means any creation of humans or nature.

Subtitle 2. Commission for Historical and Architectural Preservation

§ 2-9. CHAP purposes; Funding.

(a) *Annual appropriation*.

(2) These purposes include:

(ii) recommending the designation of and providing for the perpetual protection of:

(A) preservation AND CONSERVATION districts, as designated under Subtitle 3
{“Designation of PRESERVATION DISTRICTS AND CONSERVATION
Districts”} of this article; and

§ 2-10. Incentive improvement program.

(b) *Scope of program*.

Subject to appropriations by the Ordinance of Estimates, the Commission for Historical and Architectural Preservation may contract with the owner or lessee of a structure that is located within [an] A Historical and Architectural Preservation [District] DISTRICT OR A HISTORICAL CONSERVATION DISTRICT or included on the Landmark List to reimburse that owner or lessee of up to 20% of the cost incurred by her or him in the reconstruction, alteration, removal, repair, or painting of an architectural feature in a manner that furthers the purposes of this article.

**Subtitle 3. Designation of PRESERVATION DISTRICTS AND
CONSERVATION Districts**

§ 3-1. Ordinance and findings required.

(a) *Ordinance required*.

An ordinance of the Mayor and City Council is required to:

(1) designate any area as [an] A Historical and Architectural Preservation District;
[or]

(2) DESIGNATE ANY AREA AS A HISTORICAL CONSERVATION DISTRICT;

(3) [(2)] modify the boundary lines of an existing Historical and Architectural Preservation [District.] DISTRICT; OR

(4) MODIFY THE BOUNDARY LINES OF AN EXISTING HISTORICAL CONSERVATION DISTRICT.

Council Bill 25-0003

1 (b) *Findings of fact.*

2 The ordinance must be supported by written findings of fact that the proposed
3 PRESERVATION District OR CONSERVATION DISTRICT and its boundaries will comply
4 with:

5 (1) the requirements for Local Government Certification under the National
6 Historic Preservation Act (16 U.S.C., Chapter 1A, Subchapter II);

7 (2) the Secretary of the Interior's Standards for Identification and Registration; and

8 (3) the Commission's own Historic Preservation Procedures and Guidelines.

9 § 3-2. **Initial study and proposal by CHAP.**

10 (A) *IN GENERAL.*

11 After undertaking a full and proper study, the Commission for Historical and
12 Architectural Preservation may propose as [an] A Historical and Architectural
13 Preservation District OR AS A HISTORICAL CONSERVATION DISTRICT any area in Baltimore
14 City within which are located structures that have historical or architectural value,
15 the preservation of which is considered to be for the educational, cultural, economic, and
16 general welfare of the public.

17 (B) *HISTORICAL CONSERVATION DISTRICT.*

18 FOR A HISTORICAL CONSERVATION DISTRICT, THE STUDY SHALL INCLUDE
19 CONSIDERATION OF THOSE ALTERATIONS IN WHICH CHAP HAS DESIGN REVIEW
20 AUTHORITY PURSUANT TO CITY CODE ARTICLE 6, SUBTITLE 8 {"ALTERATIONS, ETC., TO
21 OR AFFECTING PROPERTIES"}.

22 § 3-5. **Council action – Agency referrals.**

23 (a) *Required referrals.*

24 [On introduction of any proposed ordinance to designate an Historical and Architectural
25 Preservation District, or to modify the boundaries of an existing District, the City Council
26 must refer the bill to the following for their written reports and recommendations:]

27 [(1) the Commission for Historical and Architectural Preservation;]

28 [(2) the Planning Commission; and]

29 [(3) any other agency that the Council President designates.]

30 (1) THE PROVISIONS OF THIS SUBSECTION APPLY TO AN ORDINANCE PROPOSING ANY OF THE
31 FOLLOWING:

32 (I) DESIGNATING A HISTORICAL AND ARCHITECTURAL PRESERVATION DISTRICT
33 OR HISTORICAL CONSERVATION DISTRICT;

Council Bill 25-0003

(II) MODIFYING THE BOUNDARIES OF AN EXISTING HISTORICAL AND ARCHITECTURAL PRESERVATION DISTRICT OR HISTORICAL CONSERVATION DISTRICT.

(2) AN ORDINANCE PROPOSING ONE OF THE ACTIONS LISTED IN PARAGRAPH (1) OF THIS SUBSECTION SHALL BE REFERRED BY THE CITY COUNCIL TO THE FOLLOWING FOR A WRITTEN REPORT AND RECOMMENDATION:

(I) THE COMMISSION FOR HISTORICAL AND ARCHITECTURAL PRESERVATION;

(II) THE PLANNING COMMISSION; AND

(III) ANY OTHER AGENCY THAT THE COUNCIL PRESIDENT DESIGNATES.

§ 3-7. Council action – Disposition.

Subject to the requirements of § 3-8 {“Council action – Amendments”} and § 3-9 {“Council action – Limitations”} of this subtitle, the City Council may:

(1) adopt, reject, or modify an ordinance proposed to [designate] DESIGNATE:

(I) [an] A Historical and Architectural Preservation District; [and] OR

(II) A HISTORICAL CONSERVATION DISTRICT; AND

(2) as necessary or appropriate from time to time, adopt an ordinance to modify the boundary lines of an existing District.

§ 3-8. Council action – Amendments.

(a) *Scope of section.*

[This section applies to any bill proposing to designate a new Preservation District or to modify the boundaries of an existing District for which an amendment is proposed to add to or remove from the new or existing District any property that was not within the perimeter of the area described in the notice given under § 3-6 {“Council action – Public notice and hearing”} of this subtitle.]

THIS SECTION APPLIES TO ANY BILL THAT:

(1) PROPOSES TO DESIGNATE A NEW PRESERVATION DISTRICT OR CONSERVATION DISTRICT OR MODIFY THE BOUNDARIES OF AN EXISTING PRESERVATION DISTRICT OR CONSERVATION DISTRICT; AND

(2) THAT HAS A PROPOSED AMENDMENT TO ADD TO OR REMOVE FROM A NEW OR EXISTING DISTRICT ANY PROPERTY THAT WAS NOT WITHIN THE PERIMETER OF THE AREA DESCRIBED IN THE NOTICE GIVEN UNDER § 3-6 {“COUNCIL ACTION – PUBLIC NOTICE AND HEARING”} OF THIS SUBTITLE.

Council Bill 25-0003

§ 3-9. Council action – Limitations.

(a) *Scope of section.*

This section applies to any of the following actions by the City Council:

(1) any modification to the boundary lines set forth in an ordinance proposed by the Commission under § 3-3 {“CHAP to prepare proposed ordinance and findings”} of this subtitle; or

(2) unless by and in accordance with an ordinance initiated at the request of the Commission under this subtitle:

(i) any initial designation of an area [as] AS:

(A) [an] A Historical and Architectural Preservation District; or

(B) A HISTORICAL CONSERVATION DISTRICT; OR

(ii) any modification to the boundary lines of an [existing District:] EXISTING:

(A) HISTORICAL AND ARCHITECTURAL PRESERVATION DISTRICT; OR

(B) HISTORICAL CONSERVATION DISTRICT.

Subtitle 5. Designation of Potential Landmarks

§ 5-3. Criteria for designation.

(a) *Potential-Landmark List: Exteriors.*

(1) The Potential-Landmark List: Exteriors comprises those structures that, in accordance with the Commission’s Historic Preservation Procedures and Guidelines, the Commission considers to be of such historical or architectural significance that, even if not located within [an] A Historical and Architectural Preservation District OR A HISTORICAL CONSERVATION DISTRICT, those structures and their exteriors (with or without, as the case may be, their appurtenant land and other property) should be extended temporary protection under § 5-5 {“Protections pending decision”} of this subtitle and under Subtitle 8 {“Alterations, etc, to or Affecting Properties”} of this article.

(2) The boundaries of a structure on the Potential-Landmark List: Exteriors are as indicated by the Commission, as follows:

(i) by street address, which indicates that all appurtenant land or other property at that street address and on the same lot is included in and protected by the Potential-Landmark designation;

(ii) by Section, Block, and Lot Number, which indicates that all land or other property on that lot is included in the Potential-Landmark designation; or

Council Bill 25-0003

(iii) by a metes and bounds description or other clear delineation, which indicates that less than all land or other property at a street address or on a lot is included in the Potential-Landmark designation.

(b) *Potential-Landmark List: Public Interiors.*

The Potential-Landmark List: Public Interiors comprises those structures with public interiors that, in accordance with the Commission's Historic Preservation Procedures and Guidelines, the Commission considers to be of such historical or architectural significance that, whether or not within [an] A Historical or Architectural Preservation District OR HISTORICAL CONSERVATION DISTRICT, those public interiors should be extended temporary protection under § 5-5 {"Protections pending decision"} of this subtitle and under Subtitle 8 {"Alterations, etc, to or Affecting Properties"} of this article.

Subtitle 6. Inventory of Historic Places

§ 6-1. CHAP to maintain Inventory.

The Commission's Executive Director shall create and maintain an Inventory of Historic Places, to identify areas or structures that, while not designated as Preservation Districts, CONSERVATION DISTRICTS, Landmarks, or Potential Landmarks, are nonetheless historically or architecturally noteworthy.

§ 6-3. Non-regulatory nature of Inventory.

(b) *No determination of eligibility for designation.*

Inclusion of an area or structure in the Inventory is not a determination of eligibility for designation as a Preservation District, CONSERVATION DISTRICT, Landmark, or Potential Landmark.

Subtitle 8. Alterations, etc., to or Affecting Properties

§ 8-2. Building permit required.

(a) *Exterior structures.*

No person may undertake, cause, or allow any of the following regulated alterations for or with respect to any structure located within [an] A Historical and Architectural Preservation [District] DISTRICT OR A HISTORICAL CONSERVATION DISTRICT or included on the Landmark List: Exteriors or the Potential-Landmark List: Exteriors without first obtaining a permit to do so from the Building Official:

- (1) any reconstruction, alteration, or removal of any exterior architectural feature;
- (2) any change in an exterior color, whether by painting or other means;
- (3) any exterior excavation;

Council Bill 25-0003

- (4) the construction or erection of any exterior building, fence, wall, or other structure of any kind; or
- (5) any exterior demolition.

§ 8-4. CHAP to review.

(c) *CHAP approval prerequisite for permit.*

The Building Official may not issue a permit for any regulated alteration [unless] UNLESS:

- (1) FOR A HISTORICAL PRESERVATION DISTRICT, the [Commission] DIRECTOR first issues an Authorization to [Proceed.] PROCEED; OR
- (2) FOR A HISTORICAL CONSERVATION DISTRICT:

(I) THE DIRECTOR FIRST ISSUES AN AUTHORIZATION TO PROCEED; OR

(II) CHAP MAKES THE DETERMINATION THAT THE PROPOSED EXTERIOR ALTERATION DOES NOT REQUIRE AN AUTHORIZATION TO PROCEED AND NOTIFIES THE APPLICANT AND BUILDING OFFICIAL OF CHAP'S DETERMINATION.

§ 8-9. Denial of Authorization to Proceed – Districts and Landmarks.

In the case of a structure located within a Preservation [District] DISTRICT OR A HISTORICAL CONSERVATION DISTRICT or included on the Landmark List, if the Commission determines that an Authorization to Proceed should not be issued, the Commission [must] SHALL promptly notify the applicant and the Building Official in writing of:

- (1) the reason for that determination; and
- (2) any recommendations that the Commission might have about the proposed alteration.

§ 8-15. Permissible maintenance and repair.

(a) *No change in design, etc.*

Nothing in this article prevents the ordinary maintenance or repair of an architectural feature within any Preservation [District] DISTRICT OR ANY CONSERVATION DISTRICT or on any Landmark or Potential Landmark, if the maintenance or repair involves no change in design, material, color, or appearance of the structure.

Council Bill 25-0003

Subtitle 9. Judicial Review and Enforcement

§ 9-1. Judicial and appellate review.

(a) Judicial review.

Within 30 days after [the Building Official] CHAP has approved, disapproved, or delayed an application [for a permit,] PRESENTED AT A CHAP PUBLIC HEARING, a person aggrieved by any decision of the Commission under this article may seek judicial review of that decision by petition to the Circuit Court for Baltimore City in accordance with the Maryland Rules of Procedure.

Article 28. Taxes

Subtitle 10. Credits

§ 10-8. Historic improvements, restorations, and rehabilitations.

(a) Definitions.

(4) Historic property.

“Historic property” means a property:

- (i) individually listed on the National Register of Historic Places;
- (ii) individually listed on the City Landmark List;
- (iii) located within a National Register Historic or Landmark District and certified by CHAP as contributing to the historic significance of that district;
- (iv) located within a City Historical and Architectural Preservation District OR WITHIN A HISTORICAL CONSERVATION DISTRICT and certified by CHAP as contributing to the historic significance of that district; or
- (v) included within the boundaries of a certified heritage area.

SECTION 2. AND BE IT FURTHER ORDAINED, That this Ordinance takes effect on the 30th day after the date it is enacted.

Baltimore City Council



Housing & Economic Development Committee

25-0003

**Historic Preservation - Conservation
Districts - Establishment**

Agency Reports

CITY OF BALTIMORE

BRANDON M. SCOTT
Mayor



DEPARTMENT OF LAW
EBONY M. THOMPSON, CITY SOLICITOR
100 N. HOLLIDAY STREET
SUITE 101, CITY HALL
BALTIMORE, MD 21202

January 17, 2025

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 25-0003 – Historic Preservation – Conservation Districts
– Establishment

Dear President and City Council Members:

The Law Department has reviewed City Council Bill 25-0003 for form and legal sufficiency. The bill would add the concept of a “Conservation District” to several sections of Article 6 of the Baltimore City Code titled Historical and Architectural Preservation. It would then also expand the City’s Historic Tax Credit, in Section 10-8 of Article 28 of the City Code to include properties within a Historic “Conservation District.”

The City has power to regulate buildings. City Charter, Art. II, §§ (1), (47). Although the bill does not define a “Conservation District” specifically, it is a term of art defined in the National Historic Preservation Act, referenced in this bill. State law allows the City to create a local historic property tax credit. Md. Code, Tax-Prop., § 9-204.1(e)(1). The buildings must be on the national register of historic places, be within a certified heritage area or within the boundaries of a property or district designated by local law. Md. Code, Tax-Prop., § 9-204.1(f)(3). Additionally, the City’s program must “be subject to eligibility requirements no less stringent than those applicable to credits authorized under § 9-204” of the state’s Property Tax Article, which means that the buildings must have historic or architectural value, be designated under Title 8 of the state Land Use Article, be a landmark or an “architecturally compatible new structure that is located in a historic district.” Md. Code, Tax-Prop., §§ 9-204.1(f)(1); 9-204(a). Buildings that meet these requirements within a locally designated Conservation District may be eligible for the local historic tax credit.

The Law Department can approve the bill for form and legal sufficiency.

Sincerely,

A handwritten signature in dark ink, appearing to read "Desiree Luckey", is written over a light blue horizontal line.

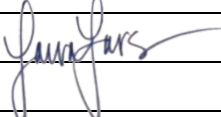
Desiree Luckey

Assistant Solicitor

cc: Ebony Thompson, City Solicitor
Stephen Salsbury, Deputy City Solicitor
Nina Themelis, Mayor's Office of Government Relations
Hilary Ruley, Chief Solicitor, General Counsel Division
Ashlea Brown, Chief Solicitor
Michelle Toth, Assistant Solicitor



CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Laura Larsen, Budget Director 
DATE	March 7 th , 2025
SUBJECT	25-0003 Historic Preservation – Conservation Districts – Establishment

T The Honorable President and
Members of the City Council
City Hall, Room 400

Position: Opposes

The Department of Finance is herein reporting on City Council Bill 25-003 Historic Preservation – Conservation Districts – Establishment, the purpose of establishing Conservation Districts; providing a study, proposal, and review process; defining certain terms; and providing for a special effective date.

Background

The Department of Finance opposes 25-0003 Historic Preservation – Conservation Districts – Establishment currently due to the provision expanding eligibility for the Historic Restoration and Rehabilitation Tax Credit (CHAP). Mayor Scott created the Tax Credit Workgroup to review all tax credit programs in the city, aiming to identify efficiencies and incentivize investment. This group, which has been meeting monthly, is due to deliver its report to the Mayor in the coming months. These recommendations will include an analysis of the current structure of CHAP. The Department of Finance believes it would be more appropriate to address changes to CHAP eligibility as part of a broader discussion on reforming Baltimore City's tax credit system.

Recommendations from the Tax Credit Workgroup will focus on reforms and modifications to the City's tax credits. Based on our analysis, even modest reforms to the city's tax credits could generate significant savings over time, which could be redirected to provide general property tax relief for residential homeowners. The Department asserts that the city should prioritize general property tax relief for residential homeowners over the creation and expansion of tax credits.

CHAP is a statewide optional credit first established in Baltimore City in 1996 to incentivize the restoration of historic properties. For properties with construction costs of \$5 million or less, it provides a 10-year tax credit on 100% of the assessed improved value. For properties with construction costs exceeding \$5 million, the credit lasts for 10 years, starting at 80% in Years One through Five and gradually decreasing to 30% in Year Ten.

Currently, a property must be located within either a City Historic District or a National Register Historic District (see Map 1) to be eligible for the credit. All projects must be pre-approved by the Commission for

Historical and Architectural Preservation and meet specific design specifications. Additionally, the project cost must equal or exceed at least 25% of the property's full cash value before the commencement of improvements. As part of the review process, the property undergoes both a pre-rehabilitation and post-rehabilitation appraisal to determine its full value. The difference between the pre-rehab and post-rehab appraisal is the "improved value," which is used to calculate the tax credit.

Over the past 10 fiscal years, CHAP has exhibited three key trends:

1. A steady increase in the overall cost of the tax credit.
2. A steady increase in the number of properties receiving the credit.
3. A steady decline in the number of new properties receiving the credit (see Maps 2, 3 & 4).

Table 1			
CHAP FY15-FY25			
Fiscal Year	Fiscal Year Total Cost	Properties receiving CHAP	New Properties
2015	-\$6,763,489	1802	459
2016	-\$7,774,025	2128	391
2017	-\$9,420,624	2293	301
2018	-\$9,543,409	2398	336
2019	-\$10,551,624	2545	317
2020	-\$10,489,014	2655	200
2021	-\$11,097,608	2736	222
2022	-\$12,062,565	2821	203
2023	-\$12,013,012	2761	161
2024*	-\$12,268,267*	2747*	157*
2025**	-\$11,568,000**	2376**	88**

* Yearend Estimate

** Q2 Projection

Over the next ten years, CHAP's total cost is expected to decrease. The trend of fewer properties receiving the CHAP credit over the past decade is projected to continue. The decline in new properties receiving the credit will result in a gradual reduction in the overall number of properties benefiting from the program, leading to a decrease in total costs each fiscal year. If no new applications are approved, there will be no properties receiving the credit by 2035.

Table 2	
CHAP Baseline Calculation	
Fiscal Year	Fiscal Year Total Cost
2025	-\$11,308,210
2026	-\$9,421,734
2027	-\$7,875,300
2028	-\$6,372,072
2029	-\$4,963,304
2030	-\$3,710,179

2031	-\$2,587,242
2032	-\$1,651,137
2033	-\$807,476
2034	-\$64,109
2035	\$0

Effectiveness

The CHAP Tax Credit has been effective in encouraging smaller-scale residential renovations. We believe the intent of the proposed legislation is to expand eligibility for this tax credit to increase its use in areas outside of currently designated historic districts as a means of promoting equity; however, this expansion may not necessarily benefit low-income property owners.

First, there is a common misconception that the CHAP tax credit provides upfront funding or directly offsets renovation costs, which is not the case. Second, not all renovations lead to an increase in a property's assessed value. For example, renovations considered routine maintenance, or replacements often do not result in a measurable increase in property value. Additionally, the cost of renovations does not necessarily correspond to an equivalent increase in a property's assessment. Finally, according to Maryland Property Tax Code § 8-104(c)(1)(iii), the State may not reassess a property out of cycle due to renovations unless the aggregated cost of permits is at least \$100,000.

There are two significant flaws in the program's design that have greatly reduced its cost-effectiveness. First, the eligibility criteria for the CHAP Tax Credit are not aligned with the City's community development strategy. The City's development strategy, as outlined in the Department of Housing and Community Development's (DHCD) Framework for Community Development, focuses on four targeted Impact Investment Areas: East, West, Southwest, and Park Heights. These areas share common characteristics—they are lower- to middle-income communities, have a base of stable residents or other community resources, and are adjacent to strong market areas and/or anchor institutions. These factors increase the likelihood that public investments will help stabilize neighborhoods, encourage additional private investment, and lead to sustainable economic growth.

In contrast, the CHAP Tax Credit, by relying on local and federal historic designations, directs resources toward many neighborhoods that already exhibit strong market indicators and are less in need of a subsidy. These historic designations primarily follow a north-south corridor through the center of the city and extend to Harbor-adjacent areas—what Dr. Lawrence Brown refers to as the “White L.” Neighborhoods currently designated as historic and thus eligible for the CHAP Tax Credit include Homeland, Roland Park, Guilford, Tuscany-Canterbury, Charles Village, Bolton Hill, Mount Vernon, Otterbein, Federal Hill, Riverside, Locust Point, Fells Point, Canton, and Brewers Hill. Even outside the central corridor, many historic-designated neighborhoods tend to be middle- to high-income areas, such as Mount Washington, Arcadia, Dickeyville, Ashburton, Hunting Ridge, and Ten Hills.

The second major flaw with the CHAP Tax Credit is that it provides a full 100% subsidy on the improved value of the property for any project with construction costs of \$5 million or less for the full duration of the credit. As a result, the City receives no new tax revenue from CHAP projects for ten years. It is unclear why such a substantial subsidy is necessary for small-scale residential improvements. By comparison, other tax credit programs for more complex commercial and residential projects—such as the Enterprise Zone Tax Credit and the High-Performance Market Rate Tax Credit—offer significantly less generous subsidies while still generating net tax revenue for the City.

Fiscal Impact

This legislation has the potential to significantly impact Baltimore City's finances. As written, any area of the City would be eligible to become a Conservation District, meaning that every building in the City could potentially qualify for the CHAP Tax Credit.

To estimate the fiscal cost over ten years, this analysis uses an annual property tax assessment growth rate ranging from 1.7% to 6.5%, based on the assumptions in the most recent 10-year financial projection, which is updated annually. The model assumes that the tax rate remains flat at 2.248% and the initial pre-improvement assessment value is \$150,834—the average home value in the City—and the post-improvement assessment value of \$439,525.

We developed three scenarios to forecast the fiscal impact of this legislation. Each scenario assumes that the entire City would be designated as a Conservation District shortly after the legislation is enacted:

- **Low Utilization Scenario:** Assumes new CHAP tax credits are granted at a rate similar to recent years.
- **Moderate Utilization Scenario:** Assumes steady growth in the number of properties receiving the credit, reversing the recent decline in new approvals.
- **High Utilization Scenario:** Assumes rapid adoption of the credit, with the private market quickly initiating projects in newly created Conservation Districts.

Fiscal Impact Forecasts

Table 3: Low Utilization Scenario

- The number of new projects receiving CHAP tax credits is projected to remain consistent with recent years.
- CHAP tax credit costs begin at \$1.04 million in FY26 and grow significantly, reaching \$14.6 million by FY36 due to the cumulative effect of multi-year tax credit commitments.
- The total cost of the tax credit expansion over the next 10 years would be \$85.8 million.

Table 4: Moderate Utilization Scenario

- The number of new projects receiving CHAP tax credits is projected to increase steadily, reversing the recent downward trend and peaking in FY36.
- CHAP tax credit costs begin at \$1.04 million in FY26 and grow significantly, reaching \$25.7 million by FY36.
- The total cost of the tax credit expansion over the next 10 years would be \$136.5 million.

Table 5: High Utilization Scenario

- Assumes the private market quickly initiates projects within the newly created Conservation Districts.
- The number of new projects receiving CHAP tax credits is projected to increase sharply, peaking in FY35.
- CHAP tax credit costs begin at \$1.02 million in FY26 and grow significantly, reaching \$31.7 million by FY36.
- The total cost of the tax credit expansion over the next 10 years would be \$184.3 million.

These projections highlight the long-term financial commitment associated with the CHAP program. Because tax credits from previous years continue to impact future budgets, any expansion of the program could lead to substantial fiscal obligations for the City.

Other Considerations

The goals and intentions of all tax credit programs should be regularly evaluated to ensure these credits are

achieving the desired results. Recommendations from the Tax Credit Workgroup will focus on the reforms necessary this outcome. This work is grounded in the goal to provide broad base property tax relief for residents. In Fiscal 2025 property tax credits will cost \$100.9 million (not including the Homestead credit; this represents 8% of total property tax revenues. Targeting investments in these areas is more likely to result in sustainable growth of the City's tax base.

If this legislation moves forward, we recommend setting the sunset date at the end of the calendar year (December 31) rather than the fiscal year (June 30). This timing would prevent conflicts with the City's budget passage and year-end closing schedules while also allowing any modifications to tax credit programs to be incorporated into the City's next fiscal year budget.

Conclusion

The Department of Finance strongly recommends postponing any expansion of the CHAP Tax Credit until the City's Tax Credit Workgroup completes its comprehensive review of all tax incentives. While historic preservation remains an important policy goal, the current structure of CHAP is misaligned with Baltimore's broader community development strategy and places an undue financial burden on the City's budget. Expanding eligibility for this tax credit will limit the City's ability to provide general property tax relief and direct resources where they are most needed. As the CHAP program continues to decline in cost over the next decade, a more strategic approach to tax credit allocation—focused on targeted investment areas and sustainable economic growth—will ensure that Baltimore maximizes the return on its public investments. The Department of Finance urges policymakers to prioritize comprehensive tax credit reform and broader fiscal sustainability over incremental policy changes that could result in significant financial obligations for the City.

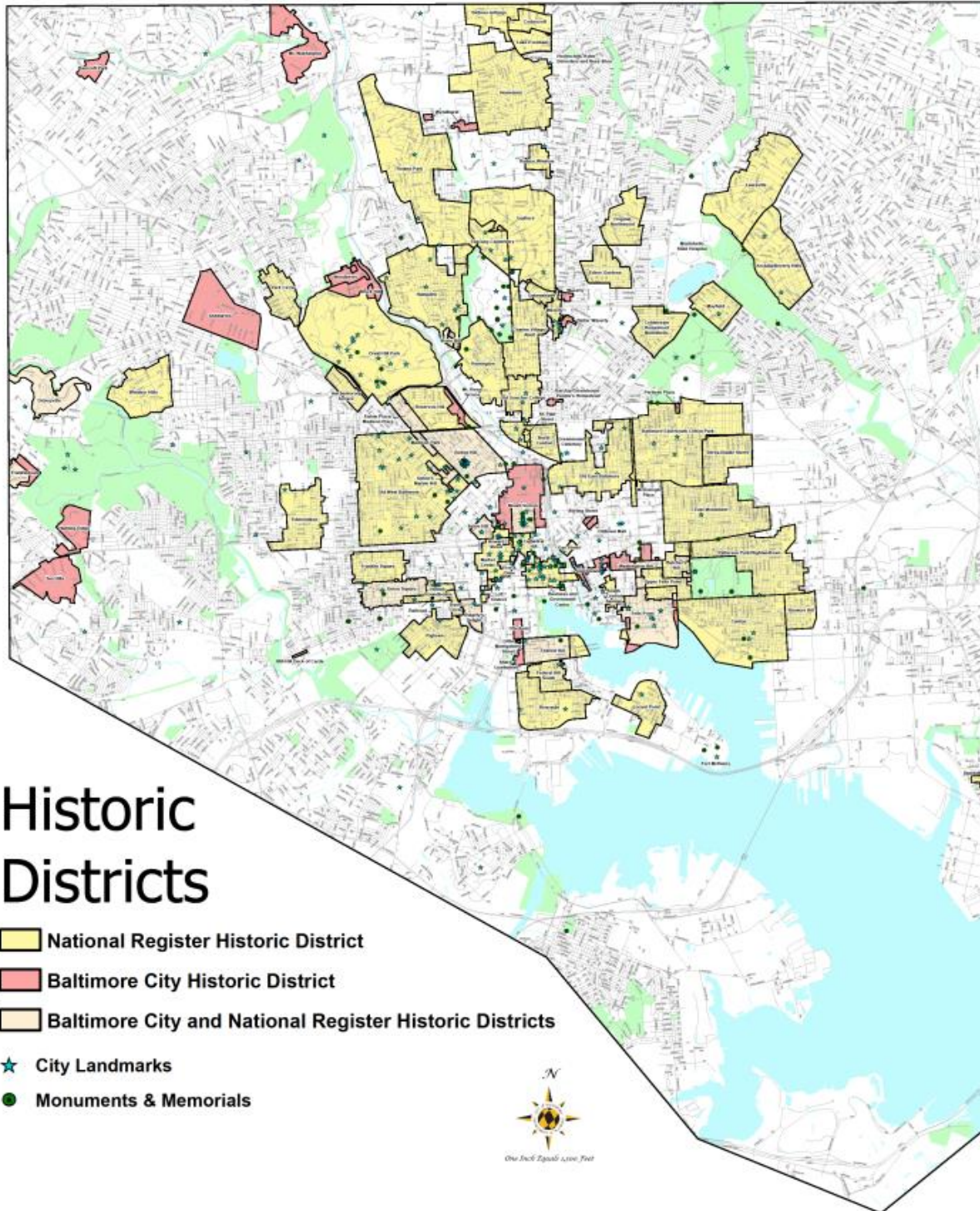
For the reasons stated above, the Department of Finance opposes City Council Bill 25-0003.

cc: Michael Mocksten
Nina Themelis

Table 3											
Estimated Cost of Future Projects Receiving The CHAP Tax Credit (Low Utilization)											
Starting Year	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Est'd # of New Projects	160	170	180	190	180	190	160	170	180	190	190
Assessment Growth Rate	0%	2.3%	6.3%	6.5%	4.8%	1.7%	2.4%	2.9%	3.1%	3.3%	3.5%
Est'd Pre-Improvement Assessment	\$150,834	\$154,303	\$164,024	\$174,741	\$183,070	\$186,182	\$190,713	\$196,307	\$202,392	\$209,139	\$216,528
Est'd Post-Improvement Assessment	\$439,525	\$449,634	\$477,961	\$509,188	\$533,460	\$542,528	\$555,730	\$572,031	\$589,764	\$609,423	\$630,956
% Historic	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Tax Rate	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%
FY26	\$1,038,365	\$1,038,365	\$1,038,365	\$1,038,365	\$1,038,365	\$1,038,365	\$1,038,365	\$1,038,365	\$1,038,365	\$1,038,365	\$0
FY27		\$1,128,638	\$1,128,638	\$1,128,638	\$1,128,638	\$1,128,638	\$1,128,638	\$1,128,638	\$1,128,638	\$1,128,638	\$1,128,638
FY28			\$1,270,315	\$1,270,315	\$1,270,315	\$1,270,315	\$1,270,315	\$1,270,315	\$1,270,315	\$1,270,315	\$1,270,315
FY29				\$1,428,493	\$1,428,493	\$1,428,493	\$1,428,493	\$1,428,493	\$1,428,493	\$1,428,493	\$1,428,493
FY30					\$1,417,817	\$1,417,817	\$1,417,817	\$1,417,817	\$1,417,817	\$1,417,817	\$1,417,817
FY31						\$1,522,026	\$1,522,026	\$1,522,026	\$1,522,026	\$1,522,026	\$1,522,026
FY32							\$1,312,894	\$1,312,894	\$1,312,894	\$1,312,894	\$1,312,894
FY33								\$1,435,869	\$1,435,869	\$1,435,869	\$1,435,869
FY34									\$1,567,462	\$1,567,462	\$1,567,462
FY35										\$1,709,695	\$1,709,695
FY36											\$1,770,104
FY 2025 - FY 2035 CHAP Tax Credit Cost											
Fiscal Year	Fiscal 2026	Fiscal 2027	Fiscal 2028	Fiscal 2029	Fiscal 2030	Fiscal 2031	Fiscal 2032	Fiscal 2033	Fiscal 2034	Fiscal 2035	Fiscal 2036
Est'd Full Cost	\$1,038,365	\$2,167,003	\$3,437,317	\$4,865,810	\$6,283,627	\$7,805,653	\$9,118,547	\$10,554,416	\$12,121,878	\$13,831,572	\$14,563,311
Cumulative		\$3,205,367	\$6,642,685	\$11,508,495	\$17,792,121	\$25,597,774	\$34,716,321	\$45,270,737	\$57,392,614	\$71,224,186	\$85,787,497

Table 4											
Estimated Cost of Future Projects Receiving The CHAP Tax Credit (Moderate Utilization)											
Starting Year	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Est'd # of New Projects	161	200	222	280	301	317	330	391	420	450	445
Assessment Growth Rate	0%	2.3%	6.3%	6.5%	4.8%	1.7%	2.4%	2.9%	3.1%	3.3%	3.5%
Est'd Pre-Improvement Assessment	\$150,834	\$154,303	\$164,024	\$174,741	\$183,070	\$186,182	\$190,713	\$196,307	\$202,392	\$209,139	\$216,528
Est'd Post-Improvement Assessment	\$439,525	\$449,634	\$477,961	\$509,188	\$533,460	\$542,528	\$555,730	\$572,031	\$589,764	\$609,423	\$630,956
% Historic	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Tax Rate	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%
FY26	\$1,044,855	\$1,044,855	\$1,044,855	\$1,044,855	\$1,044,855	\$1,044,855	\$1,044,855	\$1,044,855	\$1,044,855	\$1,044,855	\$0
FY27		\$1,327,809	\$1,327,809	\$1,327,809	\$1,327,809	\$1,327,809	\$1,327,809	\$1,327,809	\$1,327,809	\$1,327,809	\$1,327,809
FY28			\$1,566,722	\$1,566,722	\$1,566,722	\$1,566,722	\$1,566,722	\$1,566,722	\$1,566,722	\$1,566,722	\$1,566,722
FY29				\$2,105,147	\$2,105,147	\$2,105,147	\$2,105,147	\$2,105,147	\$2,105,147	\$2,105,147	\$2,105,147
FY30					\$2,370,904	\$2,370,904	\$2,370,904	\$2,370,904	\$2,370,904	\$2,370,904	\$2,370,904
FY31						\$2,539,380	\$2,539,380	\$2,539,380	\$2,539,380	\$2,539,380	\$2,539,380
FY32							\$2,707,845	\$2,707,845	\$2,707,845	\$2,707,845	\$2,707,845
FY33								\$3,302,498	\$3,302,498	\$3,302,498	\$3,302,498
FY34									\$3,657,411	\$3,657,411	\$3,657,411
FY35										\$4,049,277	\$4,049,277
FY36											\$4,145,769
FY 2025 - FY 2035 CHAP Tax Credit Cost											
Fiscal Year	Fiscal 2026	Fiscal 2027	Fiscal 2028	Fiscal 2029	Fiscal 2030	Fiscal 2031	Fiscal 2032	Fiscal 2033	Fiscal 2034	Fiscal 2035	Fiscal 2036
Est'd Full Cost	\$1,044,855	\$2,372,664	\$3,939,385	\$6,044,532	\$8,415,437	\$10,954,817	\$13,662,661	\$16,965,160	\$20,622,571	\$24,671,847	\$27,772,762
Cumulative		\$3,417,518	\$7,356,904	\$13,401,436	\$21,816,873	\$32,771,690	\$46,434,351	\$63,399,511	\$84,022,081	\$108,693,929	\$136,466,691

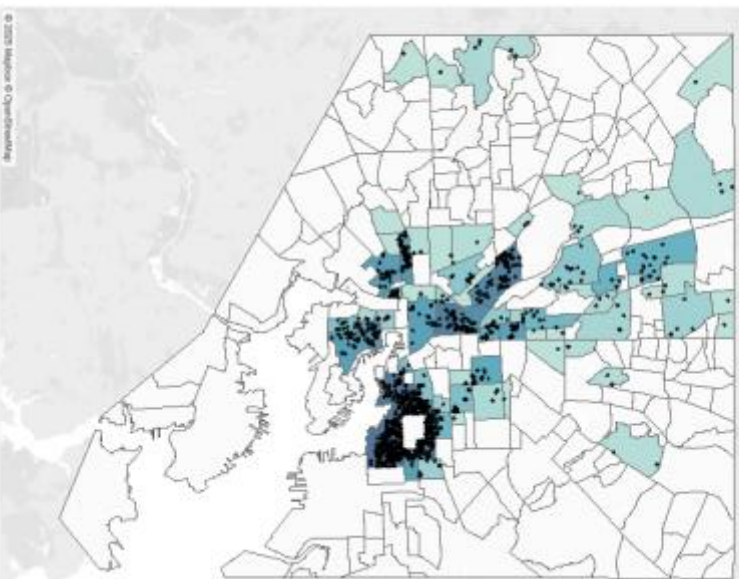
Table 5											
Estimated Cost of Future Projects Receiving The CHAP Tax Credit (High Utilization)											
Starting Year	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Est'd # of New Projects	200	459	420	430	410	390	380	375	360	345	330
Assessment Growth Rate	0%	2.3%	6.3%	6.5%	4.8%	1.7%	2.4%	2.9%	3.1%	3.3%	3.5%
Est'd Pre-Improvement Assessment	\$150,834	\$154,303	\$164,024	\$174,741	\$183,070	\$186,182	\$190,713	\$196,307	\$202,392	\$209,139	\$216,528
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% Historic	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Tax Rate	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%	2.248%
FY26	\$1,297,956	\$1,297,956	\$1,297,956	\$1,297,956	\$1,297,956	\$1,297,956	\$1,297,956	\$1,297,956	\$1,297,956	\$1,297,956	\$0
FY27		\$3,047,322	\$3,047,322	\$3,047,322	\$3,047,322	\$3,047,322	\$3,047,322	\$3,047,322	\$3,047,322	\$3,047,322	\$3,047,322
FY28			\$2,964,068	\$2,964,068	\$2,964,068	\$2,964,068	\$2,964,068	\$2,964,068	\$2,964,068	\$2,964,068	\$2,964,068
FY29				\$3,232,904	\$3,232,904	\$3,232,904	\$3,232,904	\$3,232,904	\$3,232,904	\$3,232,904	\$3,232,904
FY30					\$3,229,471	\$3,229,471	\$3,229,471	\$3,229,471	\$3,229,471	\$3,229,471	\$3,229,471
FY31						\$3,124,159	\$3,124,159	\$3,124,159	\$3,124,159	\$3,124,159	\$3,124,159
FY32							\$3,118,124	\$3,118,124	\$3,118,124	\$3,118,124	\$3,118,124
FY33								\$3,167,358	\$3,167,358	\$3,167,358	\$3,167,358
FY34									\$3,134,924	\$3,134,924	\$3,134,924
FY35										\$3,104,445	\$3,104,445
FY36											\$3,074,391
FY 2025 - FY 2035 CHAP Tax Credit Cost											
Fiscal Year	Fiscal 2026	Fiscal 2027	Fiscal 2028	Fiscal 2029	Fiscal 2030	Fiscal 2031	Fiscal 2032	Fiscal 2033	Fiscal 2034	Fiscal 2035	Fiscal 2036
Est'd Full Cost	\$1,297,956	\$4,345,278	\$7,309,346	\$10,542,250	\$13,771,721	\$16,895,880	\$20,014,004	\$23,181,361	\$26,316,285	\$29,420,731	\$31,197,165
Cumulative Cost		\$5,643,234	\$12,952,580	\$23,494,830	\$37,266,551	\$54,162,431	\$74,176,435	\$97,357,796	\$123,674,082	\$153,094,812	\$184,291,978



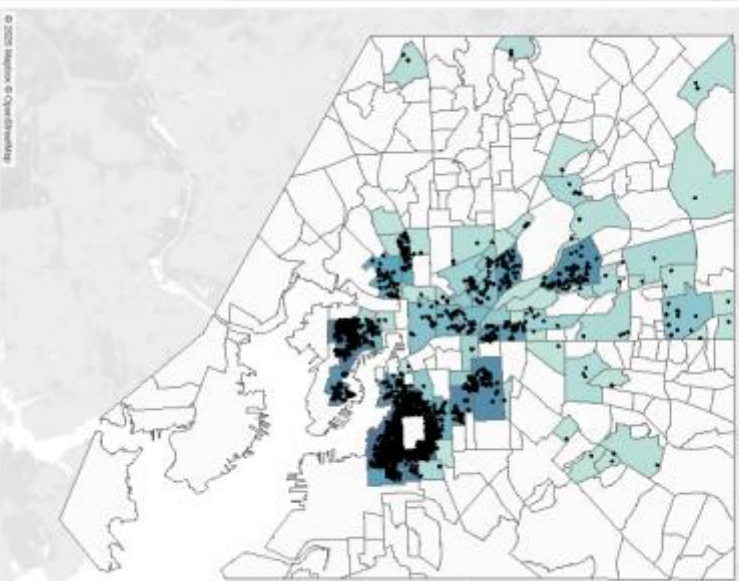
Brandon M. Scott
Mayor
Chris Ryer
Director of Planning

2021

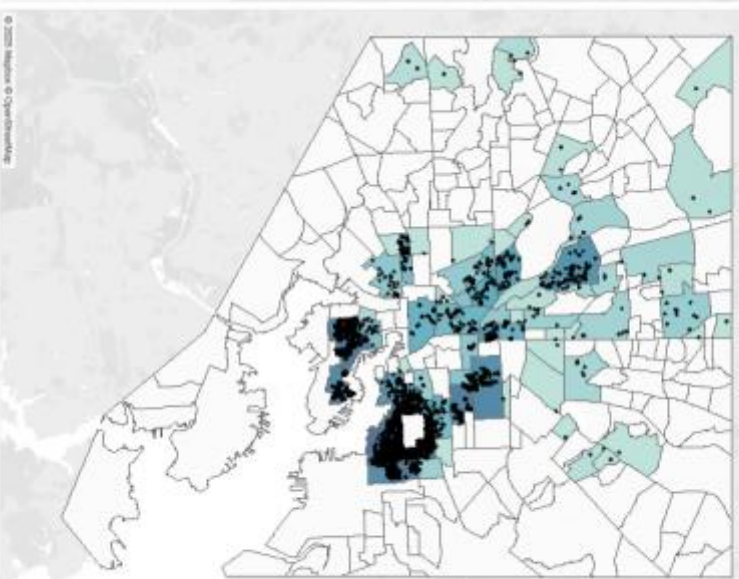
Distribution of the Historic Rehabilitation (CHAP) Tax Credit in Baltimore City
Active CHAP Tax Credits Granted by Parcel in 2014



Distribution of the Historic Rehabilitation (CHAP) Tax Credit in Baltimore City
Active CHAP Tax Credits Granted by Parcel in 2019



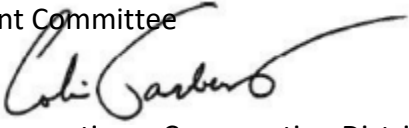
Distribution of the Historic Rehabilitation (CHAP) Tax Credit in Baltimore City
Active CHAP Tax Credits Granted by Parcel in 2024





MEMORANDUM

DATE: February 3, 2025
TO: Housing & Economic Development Committee
FROM: Colin Tarbert, President and CEO
POSITION: Favorable
SUBJECT: Council Bill 25-0003 – Historic Preservation – Conservation Districts - Establishment



INTRODUCTION

The Baltimore Development Corporation (BDC) is reporting on City Council Bill 25-0003 introduced by Councilmember Bullock.

PURPOSE

The purpose of this bill is to lay out a framework for establishing historic architectural Conservation Districts in Baltimore City to be administered by the Planning Department.

BRIEF HISTORY

The proposed Conservation Districts would feature a design review process similar to those currently used in existing CHAP Districts. The Conservation Districts will not overlap with CHAP Districts and will have less stringent guidelines for design review. The Planning Commission has had several meetings on this topic and is in favor of establishing these districts. Their report states that these districts will expand protections for historic areas which do not qualify to officially become Local Historic Districts. They will also allow homeowners to apply for historic tax credits and could eventually be used to help replace current Urban Renewal Plans.

FISCAL IMPACT [to BDC]

None.

AGENCY POSITION

The Baltimore Development Corporation respectfully submits a **favorable** report on City Council Bill 25-0003. If you have any questions, please contact Kim Clark at 410-837-9305 or KClark@baltimoredevelopment.com.

cc: Nina Themelis, Mayor's Office of Government Relations
Ty'lor Schnella, Mayor's Office of Government Relations

[TW]



CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Alice Kennedy, Commissioner, Housing and Community Development
CC	Mayor's Office of Government Relations
DATE	February 13 th , 2025
SUBJECT	25-0003 Historic Preservation – Conservation Districts – Establishment

Position: Favorable

BILL SYNOPSIS

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 25-0003 Historic Preservation - Conservation Districts - Establishment for the purpose of establishing Conservation Districts; providing a study, proposal, and review process; defining certain terms; and providing for a special effective date.

If enacted, City Council Bill 25-0003 would establish both Conservation Districts and the processes needed for their management. If approved, this Bill would come into effect on the 30th day after its enactment.

SUMMARY OF POSITION

At its regular meeting of February 6, 2025, the Planning Commission concurred with the recommendations of its Departmental staff and recommended that City Council Bill 25-0003 be approved by the City Council. The Commission noted in their report that the proposal to create Conservation Districts was in response to many community associations expressing interest in a historic designation that was less stringent in design review requirements than that of a local historic district. The Commission also noted that the establishment of Conservation Districts is a recommendation mentioned within their current Comprehensive Master Plan and that such districts may function as a more efficient and effective way to achieve the goals of many active Urban Renewal Plans.

FISCAL IMPACT

DHCD supports the intent of this legislation and believes that the retention and upkeep of buildings given special designations for their historical or architectural significance benefits the

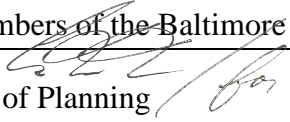
health and stability of our neighborhoods throughout the City. The creation of Conservation Districts could offer a new flexible means to further achieve this end. DHCD does not anticipate an operational or fiscal impact from the passage of this Bill and as this legislation is applicable to the entire City, Conservation Districts may arise within our Impact Investment Areas, Community Development Zones, or Streamlined Code Enforcement Areas.

AMENDMENTS

DHCD is not requesting any amendments to this Bill.



CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Chris Ryer, Director, Department of Planning 
DATE	February 7, 2025
SUBJECT	City Council Bill #25-0003

Position: Favorable

Summary of position: The Department of Planning reviewed a prior bill (CCB #24-0576) for this same topic, which is reintroduced here, and continues to recommend approval. This bill will create a Historic Conservation District program for the City of Baltimore. Over the past several years, we have heard from many community associations that are interested in a form of historic designation that is less stringent in design review requirements than the current local historic district designation. This bill will provide that process.

Fiscal Impact: There are no anticipated fiscal impacts to the Department of Planning, but there is generally a “halo effect” of increases in property values around homes that are successfully renovated in historic districts, which is a benefit to their immediate neighbors, and to the City as a whole.

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



CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Veronica P. McBeth, Interim Director, Department of Transportation
CC	Mayor's Office of Government Relations
DATE	February 13, 2025
SUBJECT	25-0003 • Historic Preservation – Conservation Districts – Establishment

Position: Favorable

BILL SYNOPSIS

The legislation defines and provides for the creation and alteration of Historical Conservation Districts. Conservation Districts appear to be a more regulatorily permissive alternative to Architectural Preservation Districts where the Commission for Historical and Architectural Preservation (CHAP) may exempt building permit applicants from some approval requirements. The legislation also clarifies terms, updates certain terms for consistency and format, and clarifies CHAP's role in the administration of relevant Code provisions.

SUMMARY OF POSITION

The Department will work with the Department of Planning and other peer agencies as needed to adhere to the terms of the proposed legislation. While Transportation's role in the actual establishment and maintenance of historical districts is limited, the Department is marginally affected through restrictions and requirements imposed on maintenance or replacement projects.

The addition of a significant number of districts where special coordination will be required to identify appropriate construction materials may lead to a marginal decrease in the Department's footway reconstruction, ADA construction, and resurfacing availability and efficiency. That said, the Department acknowledges that one of the City's greatest assets is its historic charm and fully supports any efforts being made to preserve it. For these reasons, the Department requests a favorable bill report.

FISCAL IMPACT

While Council bill 25-0003 addresses the alteration and maintenance of historically significant structures, it does not explicitly mention construction within the roadway. However, depending on how alterations are interpreted within Conservation Districts, it is possible that the construction or

modification of sidewalks, ramps, curbs, or road surfaces could be subject to review and a higher level of regulation in these designated areas. This is currently the case in Architectural Preservation Districts.

The Department has engaged extensively with the Commission for Historical and Architectural Preservation (CHAP) to ensure project compliance in neighborhoods within its jurisdiction (such as Fells Point). Some items that require additional coordination may include structures such as exposed aggregate sidewalks and Belgian block roadways. As a general rule of thumb, the Department replaces sidewalks and roadways in kind. However, under certain circumstances and with CHAP approval and community input, the Department may use different materials as needed.)

Materials such as regular concrete, exposed aggregate, belgian block, and red brick have been used to match existing conditions in areas overseen by CHAP. Currently, any brick repair in neighborhoods within CHAP's jurisdiction require prior approval. This adds a layer of complexity that impacts the speed of project delivery. While not a deal-breaker by any means, the potential creation of new districts where additional CHAP oversight will be required may further affect how quickly and efficiently Transportation can deliver footway and resurfacing projects.

Additionally, ADA Job Order Contracts (JOC) for construction specify standard materials for ramps and sidewalks. Requiring the use of other materials including brick, special aggregate, exposed aggregate, or granite curbs would generally increase the cost of construction or reduce the number of ramps associated with ADA projects. If the legislation is enacted, the Division has flagged a need to identify any potential Conservation Districts where specific materials may be prescribed to adjust future contracts accordingly.

Finally, the creation of new historical districts under this proposed category may expand which areas qualify for ornamental lighting fixtures. Ornamental lighting fixtures (including poles and lamps) are roughly three times the cost of the standard aluminum poles and lamps prevalent throughout the City. Ornamental lighting fixtures are functionally identical to their regular counterparts. They are commonplace in many of the City's oldest and most prolific mixed-use neighborhoods.



**CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT**

TO	The Honorable President and Members of the Baltimore City Council
FROM	Khalil Zaied, Director, Department of Public Works <i>Khalil Zaied</i>
CC	Mayor's Office of Government Relations
DATE	February 11, 2025
SUBJECT	25-0003 Historic Preservation – Conservation Districts – Establishment

Position: Without recommendation

BILL SYNOPSIS

This bill establishes Conservation Districts.

SUMMARY OF POSITION

The Department of Public Works defers the Department of Finance.

FISCAL IMPACT

N/A

AMENDMENTS

N/A



Brandon M. Scott
Mayor

**COMMISSION FOR
HISTORICAL & ARCHITECTURAL
PRESERVATION**

Harry Spikes, Chairman

STAFF REPORT



Chris Ryer
Planning Director

September 10, 2024

REQUEST: Review and Respond to CC Bill 24-0576 Historic Preservation - Conservation Districts - Establishment

RECOMMENDATION: Support

STAFF: Eric Holcomb

PETITIONER: City Council

PROPOSAL

This bill establishes “Conservation districts; providing a study, proposal, and review process; defining certain terms; and providing for a special effective date.” In addition, the Bill makes historic properties in conservation districts eligible for the local historic preservation tax credit.

Introduction

The Commission for Historical and Architectural Preservation (CHAP) is pursuing the creation of a Historic Conservation District program for the City of Baltimore. Over the past several years, the Commission has heard from many community associations that are interested in historic designation that is less stringent in design review requirements than the current local historic district designation, and this is the Commission’s proposed solution.

Historic Conservation Districts have a concentration of historically significant structures that together create a unique historic character for neighborhoods that is worthy of preservation for future generations. A historic conservation district would protect its historic character through a CHAP-administered design review process for new construction, demolition, and limited types of alterations. This would be *different* from the level of review for local historic districts and Baltimore City Landmarks, where all exterior changes are reviewed and approved by CHAP. The proposed design review for conservation districts is *less restrictive* than design review for local historic districts and Baltimore City Landmarks.

CHAP has held several hearings and conducted several studies of conservation districts. The following is a chronological list of studies and hearings:

7/10/2018 – Presentation of Historic Conservation District Regulations: Analysis and Recommendations study

5/11/2018 – Planning Staff Meeting

11/13/2020 – Creation of Historic District and Conservation Table that compares conservation districts and local historic districts

10/23/2023 – CHAP hearing – Working Session. At his working session we heard from many neighborhood associations, several City Council members, and other stakeholders who were all in support of the enabling legislation.

2/13/2024 – CHAP hearing – Briefing Session. At this hearing we had several stakeholders who were all in support of this legislation.

In addition, CHAP staff has had conversations with many neighborhoods about conservation districts during the last several years. These conversations, though not official, have been overwhelmingly positive. In fact, many neighborhoods have offered to be the first conservation districts, and several neighborhoods are beginning to organize to pursue becoming a conservation district if this legislation passes. Some of these neighborhoods that we talked to are Oliver, Charles Village, Wyman Park, Coppin Heights CDC, Harlem Park (especially around Lafayette Square), Johnston Square, Old Goucher College, Upper Fells Point, Forest Park and several more.

Proposed Designation Process

This Bill sets up a conservation district designation process that mirrors historic district designation process.

All conservation districts are created by ordinance. An ordinance to create a conservation district must be supported by findings of fact:

- Evidence that the conservation district complies with the requirements for Local Government Certification under the National Historic Preservation Act,
- The Secretary of the Interior's Standards for Identification and Registration, and
- CHAP's own Historic Preservation Procedures and Guidelines.

In order to meet the above requirements, CHAP must provide a full and proper study to City Council that includes the following:

- A description of the historic character of a conservation district,
- Historic significance statement of the conservation district (why this district is historically important),
- Application of Criteria for Evaluation. All conservation districts must meet one of the four criteria for evaluation:

The quality of significance in Baltimore history, architecture, archeology, engineering, and culture is present in districts, sites, buildings, public interiors, structures, and objects that possess integrity of location, design, setting, materials, workmanship, feeling, and association, and:

1. That are associated with events that have made a significant contribution to the broad patterns of Baltimore history; or
 2. That are associated with the lives of persons significant in Baltimore's past; or
 3. That embody the distinctive characteristics of a type, period, or method of construction, or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or
 4. That have yielded or may be likely to yield information important in Baltimore history or prehistory.
- Chronology of Outreach for Designation Process,
 - Analysis of property owner survey asking for support or opposition to the conservation district designation.
 - Boundary Analysis and Justification, and
 - List of alterations that CHAP will review and approved through the issuance of an Authorization-to-Proceed and sign-off in the permit system.

Benefits of Becoming a Conservation District

- Preserve and protect the overall historic character of a district.
- Provide a public forum for community input for new construction, demolition and significant alterations.
- Historic properties in conservation districts will be eligible to apply for historic preservation tax credits.
- Maintenance and rehabilitation costs will be more affordable.
- Preserve and celebrate the history of ALL Baltimoreans.

Why Conservation Districts

Traditionally, conservation districts throughout the U.S. were created to help preserve neighborhood character for areas that *would not* meet the designation criteria for local historic district designation. CHAP believes, however, that this original intent is not applicable anymore for two reasons. First, since the passage of the 1966 National Historic Preservation Act, historical significance has been greatly expanded to try and capture the history of all Americans, especially the history of marginalized groups. This effort is illustrated in the work of the Vernacular Architecture Forum, which formed in 1980. It is also captured in the work of Stephanie Meeks, Randall Mason, Max Page, and Erica Avrami to name a few. In short, what was considered to be “not historic” in the 1970s through the 2000s is now considered historic and eligible for listing on the National Register or as local historic districts.

Secondly, in order to capture and celebrate through historic designation, the histories of marginalized people and common or “vernacular” architecture, historic preservationists' view of “historic integrity” has changed. Historic integrity is the “ability of a property to convey its historic significance,” or in other words how a property’s physical features relate to a district’s historic significance. Today, most preservationists see that many structures with incompatible alterations or in states of deterioration still retain their historic character, and that alterations could in fact contribute to the character or significance of a property. This change in historic preservation practice has made historic preservation more relevant and meaningful. Sharp Leadenhall and Sarah Ann Street historic districts are two examples in Baltimore.

Baltimore’s current conservation district proposal is for neighborhoods with historic character that do not have *any* protections. For example, there are 92 historic districts in Baltimore and only 38 of them are local historic districts. That means 54 National Register Historic Districts are not protected by local designation. Moreover, of the many National Register districts with accompanying local designation, the footprints of the National Register designation are larger than those of the accompanying local designation, meaning that these too are not fully protected. More than 90% of the approximately 252 neighborhoods in Baltimore are at least 50 years old or older, meaning that the vast majority of Baltimore City could be eligible for historic designation. Lastly, the City has designated 38 local historic districts since the creation of CHAP in 1964. That designation rate is approximately one district every one-and-a-half years. At this rate, it would take CHAP over 300 years to designate all the neighborhoods in Baltimore worthy of designation.

Conservation Districts can become another tool to preserve our history and, more importantly, use that history to revitalize our communities.

Equity Analysis of Historic District Conservation Proposal

In Baltimore, local historic district designation is a grassroots process and centrally controlled by stakeholders (i.e. mostly property owners) in neighborhoods. CHAP does not impose historic district designation on neighborhoods but responds to neighborhood requests. Although it is equitable to *not* impose designation on a neighborhood, it is also inequitable that many neighborhoods lack historic preservation tools.

Many neighborhoods do not pursue local historic district designation because of the design review controls that go along with designation. All exterior changes in local historic districts must be reviewed and approved by CHAP or its staff. These alterations must meet the guidelines in most cases. The main reason neighborhoods do not want the design review controls on their properties is financial. It costs more money and that puts an undue burden on property owners. For example, it costs more to replace windows in local historic districts, at least in the initial expenditure. This financial burden is inequitable, especially to property owners with limited means.

Therefore, CHAP staff believes that a Historic Conservation District program is a tool that will make CHAP’s overall program more equitable for the following reasons:

- Allows for more affordable alterations while preserving the character of neighborhoods,
- Allows a process for public input for major alterations, new construction and demolition, and
- Historic Properties in conservation districts would be eligible to apply for the local historic preservation tax credit and potentially the state historic preservation tax credit.

The Department of Planning has an Equity Action Plan to help guide our work. This document identifies four overarching areas of equity which decision-makers should consider when creating policy. These areas are the following:

1. **Structural Equity:** *What historic advantages or disadvantages have affected residents in the given community?*
2. **Procedural Equity:** *How are residents who have been historically excluded from planning processes being authentically included in the planning, implementation, and evaluation of the proposed policy or project?*
3. **Distributional Equity:** *Does the distribution of civic resources and investment explicitly account for potential racially disparate outcomes?*
4. **Transgenerational Equity:** *Does the policy or project result in unfair burdens on future generations?*

The creation of a Conservation District Program addresses several Equity concerns in the following ways:

Structural Equity: Local historic district seems to not be the appropriate tool to preserve historic character in neighborhoods with many residents on limited means. Conservation districts would allow for protection of the most important aspects of historic character while not imposing a financial burden on property owners.

Procedural Equity: Conservation district designation would allow more neighborhoods to participate in design review for their neighborhoods. It would provide a public forum for neighborhood associations to participate in the redevelopment of their communities, especially the review of demolition, new construction, and large additions.

Distributional Equity: Conservation district designation would allow for more property owners to participate in the tax credit programs as well as design review.

Transgenerational Equity: Conservation districts would help preserve historic buildings for generations to come, and by doing so help retain value of these properties. All economic analyses of historic preservation show that historic districts retain and increase in value at a rate more than non-designated historic areas.

In short, historic preservation tools should be available to all historic neighborhoods in Baltimore City; Conservation districts will expand CHAP preservation efforts greatly.

RECOMMENDATION: APPROVE CC Bill 2024-0576

A handwritten signature in black ink, appearing to read "E. S. MLG".

Eric Holcomb
Executive Director



CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Eric Holcomb, Executive Director, Commission for Historical and Architectural Preservation
CC	Mayor's Office of Government Relations
DATE	2/10/2025
SUBJECT	Council Bill 25-0003 Historic Preservation – Conservation Districts - Establishment

Position: Favorable

BILL SYNOPSIS

This bill will establish a conservation district program that will be administered by CHAP. Over the past several years, the Commission for Historical and Architectural Preservation (CHAP) has heard from many community associations that are interested in historic designation that is less stringent in design review requirements than the current local historic district designation, and this bill is the Commission's proposed solution.

Historic Conservation Districts have a concentration of historically significant structures that together create a unique historic character for neighborhoods that is worthy of preservation for future generations. A historic conservation district would protect a neighborhood's historic character through a CHAP-administered design review process for new construction, demolition, and limited types of alterations. This would be *different* from the level of review for local historic districts and Baltimore City Landmarks, where all exterior changes are reviewed and approved by CHAP. The proposed design review for conservation districts is *less restrictive* than design review for local historic districts and Baltimore City Landmarks.

In addition, the bill makes historic properties in conservation districts eligible for the local historic preservation tax credit.

During the last several years, CHAP staff has engaged with many neighborhoods about conservation districts. Some of these neighborhoods are Oliver, Charles Village, Belair-Edison, Wyman Park, Coppin Heights CDC, Harlem Park (especially around Lafayette Square), Johnston Square, Old Goucher, Upper Fells Point, Forest Park and several more. CHAP has held several public Commission meetings regarding conservation districts. This idea has overwhelming support from communities across the city.

This CC Bill will significantly add to CHAP's tools to help preserve and revitalize Baltimore neighborhoods and expand our outreach to all neighborhoods. As important, conservation districts will also expand the eligibility of the local tax credit to more neighborhoods, helping to reduce vacancy and blight.

SUMMARY OF POSITION: CHAP supports CC Bill 25-0003

This bill allows CHAP to create a conservation district program only. It does not create any conservation districts. Once this bill is passed, CHAP will adopt rules and procedures to create and manage conservation districts. CHAP staff will then continue to work with communities to formally consider conservation districts. This process will take anywhere from a few months to a couple of years, depending on the outreach and consensus building within the community. In the end, all conservation districts will be created by City Council Ordinance. Once a conservation district is established, a CHAP staffer would be assigned to the community to administer design review.

In order to create and manage future conservation districts, CHAP will have to increase its staff. Currently, the Department of Planning is pursuing an enhancement for the FY2026 budget to increase CHAP staff. Nevertheless, CHAP staff has enough capacity currently to at least set up the program and begin the outreach with communities that are interested in establishing conservation districts.

FISCAL IMPACT

In order to manage a responsive, efficient conservation district program, CHAP will need to increase its staff which will cost approximately the following:

Total impact: \$129,377.00

Salary: \$91,078.00

OPC: \$38,299.00

Total Positions: 1

More permit review fees would be collected because of an increase in design review. The Department of Finance and CHAP have conducted a study to increase fees on the historic tax credit and historic district reviews. Combining the increase in number of permits fees collected (due to more historic designations) and an increase of those fees will help offset the cost of a staff position.

Baltimore City Council



Housing & Economic Development Committee

25-0003

**Historic Preservation – Conservation
Districts – Establishment**

Additional Materials



An Analysis of the Baltimore Historic Preservation Tax Credit

Prepared for the Baltimore Commission for Historical and Architectural Preservation



Contents

1 Executive Summary

2 Introduction

Why Historic Rehabilitation Tax Incentives are Good Public Policy

Purpose

Background

Typology of Eligible Areas

8 Use of the Credit

Count

Annual and Cumulative Investment

Commercial vs Residential Use

Location

16 Housing Market Typology

20 Community Statistical Areas as Basis of Analysis

Size of Projects

Average Project Investment

Population and Tenure

34 Impacts

Properties Becoming Fully Taxable

Foregone Taxes Recovered

The Halo Effect - Property Values

Permits

Jobs Created from Investment

The “But For” Test and Returns to the City

48 Conclusion

Acknowledgments

Appendices



Executive Summary

This study was commissioned to measure the impacts of 24 years of Baltimore City's Tax Credit for Historic Rehabilitations and Restorations, known commonly as the "CHAP credit." The following are ten key findings from this analysis:

1. More than 3,500 historic properties have been renovated using the CHAP credit representing private sector investment of nearly \$1.2 billion.
2. The credit produces value. The properties whose CHAP credits have now expired increased in value from \$17 million in 2000 to \$211 million in 2019. They went from paying city property taxes of \$1.3 million to \$5.9 million.
3. In the next nine years, the city can expect \$43 million in additional tax revenues from properties with expiring CHAP credits.
4. Because of the private investment and increasing property values, the taxes foregone over ten years are recouped in just over seven years.
5. The City of Baltimore is foregoing around \$10 million a year through the CHAP credit. However, very conservatively, if even 52% of the projects would not have happened without the credit, the city is better off financially than if there were no credit.
6. These projects have a "halo effect." Properties located within 500' of CHAP credit projects see increases in aggregate property values greater than properties between 500' and 1000' of CHAP projects, and significantly greater than the rest of the city.
7. Critical mass matters. In general, the greater the percentage of properties that are eligible for the credit, the greater share of them will use the credit. The program is also responsible for bringing private investment to Baltimore's weaker market neighborhoods.
8. Just the incremental rate of higher value growth in the halo vicinity of CHAP projects has created a preservation premium of \$2.5 billion in property values. If as little as 20% of that premium is attributable to the investment in CHAP projects, the \$10 million in foregone revenues from the credit is recovered from the additional taxes generated from nearby properties.
9. The program creates jobs. Over the last five years an average of nearly 600 direct and indirect jobs and \$36 million in labor income have been generated each year through CHAP credit projects.
10. During the Great Recession, investment in CHAP projects was counter-cyclical, increasing in activity when the rest of the construction activity in Baltimore declined.

Introduction

The City of Baltimore is a city rich in history and rich in historic resources. Baltimoreans are rightfully proud both of that history and the historic buildings that tell the city's story. Nearly 25 years ago, the city's commitment to and concern for its built heritage was reflected in the adoption of the Tax Credit for Historic Restorations and Rehabilitations commonly known as the CHAP credit. Since 1997 there has been investment of more than \$1 billion in historic property redevelopment using the credit. The city ordinance states, "The goal of this program is to help preserve and revitalize Baltimore's neighborhoods by encouraging home and business owners to make special efforts to restore or rehabilitate historic buildings." By any measure, that goal is being met, as the owners of more than 3,400 historic properties have restored or rehabilitated their historic buildings using the CHAP credit.

Unfortunately, the richness of the built heritage in Baltimore is not matched by abundant surpluses in the city treasury. Like many other legacy cities¹ in America, Baltimore is struggling to meet the often-increasing needs of its citizens while seeing declining population and declining revenues. It was in this context that in 2019, the City of Baltimore ordered an analysis of all of its tax incentive programs. According to the analysis by Ernst and Young, the combined tax credit programs mean the City of Baltimore forgoes approximately \$130 million in city revenues annually, a 7% share of all revenue and a 14% share of property tax revenue.

Assessing the impact of these programs is a key component of good governance. It is appropriate that the Tax Credit for Historic Restorations and Rehabilitations is among the eight major and four minor tax credits being evaluated in the Ernst and Young study. The present study was commissioned by the Department of Planning both to provide a more in-depth analysis of the CHAP credit, but also provide information for the Mayor and Council to review when considering extension of the program which is scheduled to sunset in February 2021. The pages that follow constitute that analysis.

¹ Legacy cities, also commonly referred to as shrinking, or post-industrial cities, are places that have experienced sustained population loss and economic contraction. According to the Lincoln Land Institute, "Many social and economic forces have contributed to their decline: loss of the manufacturing firms that historically provided their economic base; regional migration and suburban flight that left impoverished urban populations behind; and a reduced housing market demand that led to diminished property values and abandonment." (Mallach and Brachman, *Regenerating America's Legacy Cities*, 2013.)

Why Historic Rehabilitation Tax Incentives are Good Public Policy

The rehabilitation of historic buildings creates jobs, increases surrounding property values, catalyzes additional redevelopment, and generates new local tax revenue. Incentives are but one tool in a wider range of approaches to conserving built heritage, but they deserve particular attention. Public policy that imposes regulation and property limitations without the balance of incentives can sometimes discourage necessary investment. Moreover, preservation incentives are often the linchpin that makes a preservation investment financially viable.

In real estate terms, “Cost” is the sum of the expenditures that will have to be made from the conception of a project to its completion. “Value,” in financial terms, is what the marketplace is willing to pay in rent or purchase price for that restored building. Where Value exceeds Cost, the marketplace will undertake the project, and incentives may not be necessary. Yet when Cost exceeds Value, as is sometimes the case with historic buildings, a gap exists. The primary purpose of incentives is to close this gap—to make an irrational economic act a rational one. Of particular note, in a legacy city like Baltimore where the real estate market strengths vary greatly neighborhood to neighborhood, a rehabilitation tax incentive can help make improvements economically rational in a weaker neighborhood. This helps create a more equitable Baltimore.

Beyond making a purely financial argument, preservation incentives are good public policy because they promote a public good. Historic buildings have values beyond just financial. These values can be aesthetic, social, environmental, educational, cultural, symbolic, etc. The beneficiaries of those non-financial values are not the property owner, but a larger group that includes nearby property owners, tenants, visitors, taxing entities, the general public, and generations not yet born. A property owner is asked to make the financial investment and is entitled to the financial return. But that investment also maintains and enhances the other values of the historic building. Therefore, preservation incentives can be considered as partial payment for the values that the public—not the property owner—receives as a result of the property owner’s investment.

It is also important to consider this through an equity lens. Historic buildings in every eligible neighborhood have a chance to receive high-quality rehabilitation. Every neighborhood deserves to have its history preserved, not only the neighborhoods that have a strong market in 2020.

Unlike some incentives, a historic tax credit encourages investment in a long-term capital asset, one that can remain economically productive both for its owner, and an asset to the city as a tax generating resource for years to come.

Purpose

The purpose of this report is to evaluate the impacts of the Baltimore City Tax Credit for Historic Restorations and Rehabilitations, commonly known as the CHAP credit, and if appropriate, recommend ways to make the credit more impactful. A robust Advisory Group of community members, city staff, and industry professionals was established to guide the process and make decisions for recommendations to the Mayor and City Council.

As the Ernst and Young analysis noted, while there are numerous tax credits offered by the city, the CHAP credit is “the only incentive that encourages investment in existing resources.”² This has positive fiscal and environmental consequences.

A recent Brookings Institute publication, *Examining the Local Value of Economic Development Incentives: Evidence from Four U.S. Cities*, identified criteria upon which local incentives should be based:

“Cities should target incentives based on core principles of inclusive economic development:

1. Grow from within - do local businesses benefit in economic output?
2. Boost trade - bring new income and investment across goods and services?
3. Invest in people and skills - result in skills development, provide local jobs?
4. Connect place - catalyze placemaking?”

By accident or design, the CHAP credit manages to achieve all of those: It is primarily used by local developers employing local workers; capital investments are inherently local in their impact; rehabilitation is more labor intensive than new construction; rehabilitation work is an investment in human skills; and historic preservation is more than just placemaking, it is place “keeping.”

Furthermore, equity is an important lens through which city agencies shape public policy. The data within this report and an historical overview of the tax credit program show that this program has helped create a more equitable Baltimore.

² Presentation to CHAP Advisory Council on findings from the Ernst and Young study for the City of Baltimore, January 8, 2020.

Background of the CHAP Credit

In 1996, the Mayor and City Council established Baltimore City's Tax Credit for Historic Restorations and Rehabiliations Program. Since 1997, over \$1 billion dollars have been invested in Baltimore's historic properties. Since the tax credits were originally enacted, the program has been extended four times, most recently in 2016. Unless extended, the program will sunset in February 2021. The goal of the CHAP credit is: "To help preserve and revitalize Baltimore's neighborhoods by encouraging home and business owners to make special efforts to restore or rehabilitate historic buildings." Recent work by the Advisory Group for this report has suggested a slightly amended goal, "The goal of this program is to help preserve and revitalize Baltimore's neighborhoods by encouraging the rehabilitation of historic structures to promote the equitable and inclusive economic growth and vitality of the City of Baltimore."

To qualify for the CHAP credit, a property must be classified as a "historic property" which means either the property is: individually listed on the National Register of Historic Places; individually listed on the City Landmark List; located within a National Register Historic or Landmark District and certified by the Commission for Historical and Architectural Preservation (CHAP) as contributing to the historic significance of that district; or located within a City Historical and Architectural Preservation District and certified by CHAP as contributing to the historic significance of that district. The project is eligible if it includes a plan for "significant improvements," meaning improvements, restoration, or rehabilitation for which the total documented construction costs equal or exceed 25% of a property's full cash value before commencement of the improvements, restoration, or rehabilitation.³ These improvements must be reviewed and approved by CHAP prior to the commencement of any work. The application is valid for two years and is eligible for a one-time extension. Once the project has gained final certification, the credit stays with the property regardless of ownership.

Applicants must pay a \$50 application fee and submit design plans to CHAP for approval. As part of the preliminary review process, the property undergoes an appraisal to determine its pre-rehabilitation full cash value. Within 90 days following the rehabilitation, a post-appraisal must be completed to determine the post-rehab full cash value. The difference between the pre-and post-appraisals multiplied by the City of Baltimore tax rates determines the potential maximum amount of the tax credit. The credit is the full tax liability that would otherwise be assessed against the pre-and post-difference for 10 years.

The tax credit is not calculated until the property is reassessed, and the calculation is handled by the city's Department of Finance. The credit term always commences after final certification by CHAP and the Director of Finance. The tax credit is a dollar value that is subtracted from an owner's property tax bill each year for 10 years. The tax credit offsets any increase in Baltimore City's taxes that occurs following a substantial rehabilitation project. For example, if the property pre-improvement appraisal is \$100,000 (times the current tax rate = \$2,248) and once the project is completed the property's post-improvement appraisal is \$300,000 (times the current tax rate = \$6,744), the potential maximum amount of the tax credit is \$4,496. That \$4,496 is subtracted each year for each of ten year's taxes.⁴

³ Because the credit is based on the pre-and post-appraisal value, it's important to note that not all improvements necessarily increase the appraised value of a property. Improvements that are most likely to increase appraised value include: Adding additional living area; full restoration or renovation of a property; converting a space to residential use (attic/garage, etc.); or adding an additional bathroom. Normal maintenance or upgrade repairs to existing space such as a kitchen remodel or new roof are less likely to increase the appraised value.

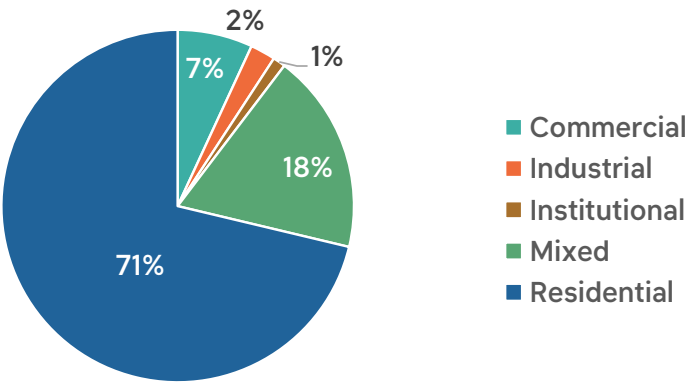
⁴ No part of this tax credit may be applied: In any tax year to reduce the property's tax liability for that tax year; after application of any other applicable tax credit; to less than the tax liability to which the property was subject; after application of any other applicable tax credit; at the time that the preliminary approval was issued and prior to the commencement of the eligible improvements. So for the example, if the assessment at the time the application received preliminary approval was \$110,000 (times the current tax rate = \$2,472), and the assessment for the first year in which the credit is awarded is \$250,000 (times the current tax rate = \$5,620), then the CHAP credit for that year cannot exceed the difference between the two (\$5,620.00 - \$2,472.80 = \$3,147.20). Accordingly, the maximum credit of \$4,496.00 would be reduced to \$3,147.20.

Typology of Eligible Areas

The typical vision of a Baltimore home is an attached single-family rowhouse. According to the U.S. Census, over 50% of Baltimore’s housing stock fits this rowhome description.

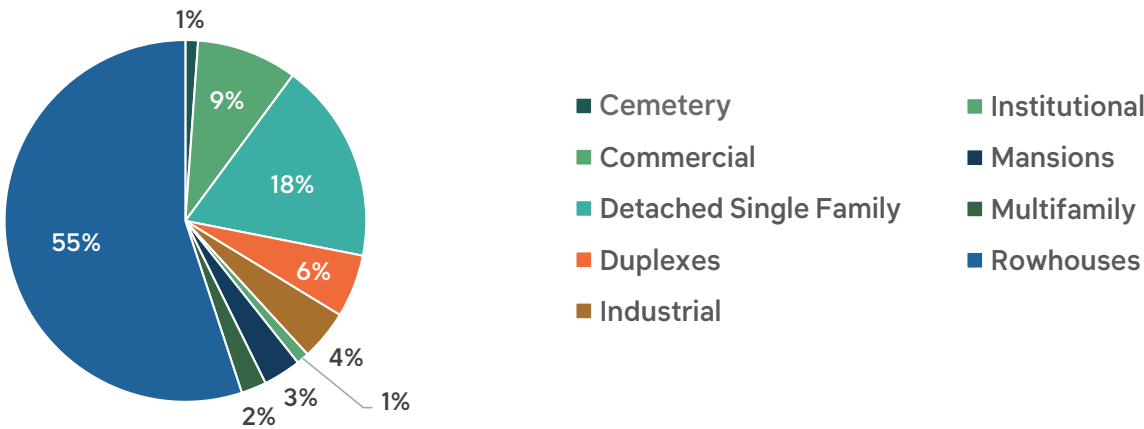
The areas that are eligible for the credit are those that have received public recognition as historic. These are overwhelmingly residential, and a majority are attached rowhomes. Of the areas that are eligible for the CHAP credit, nearly 90% are residential or mixed use.

Types of Eligible Areas

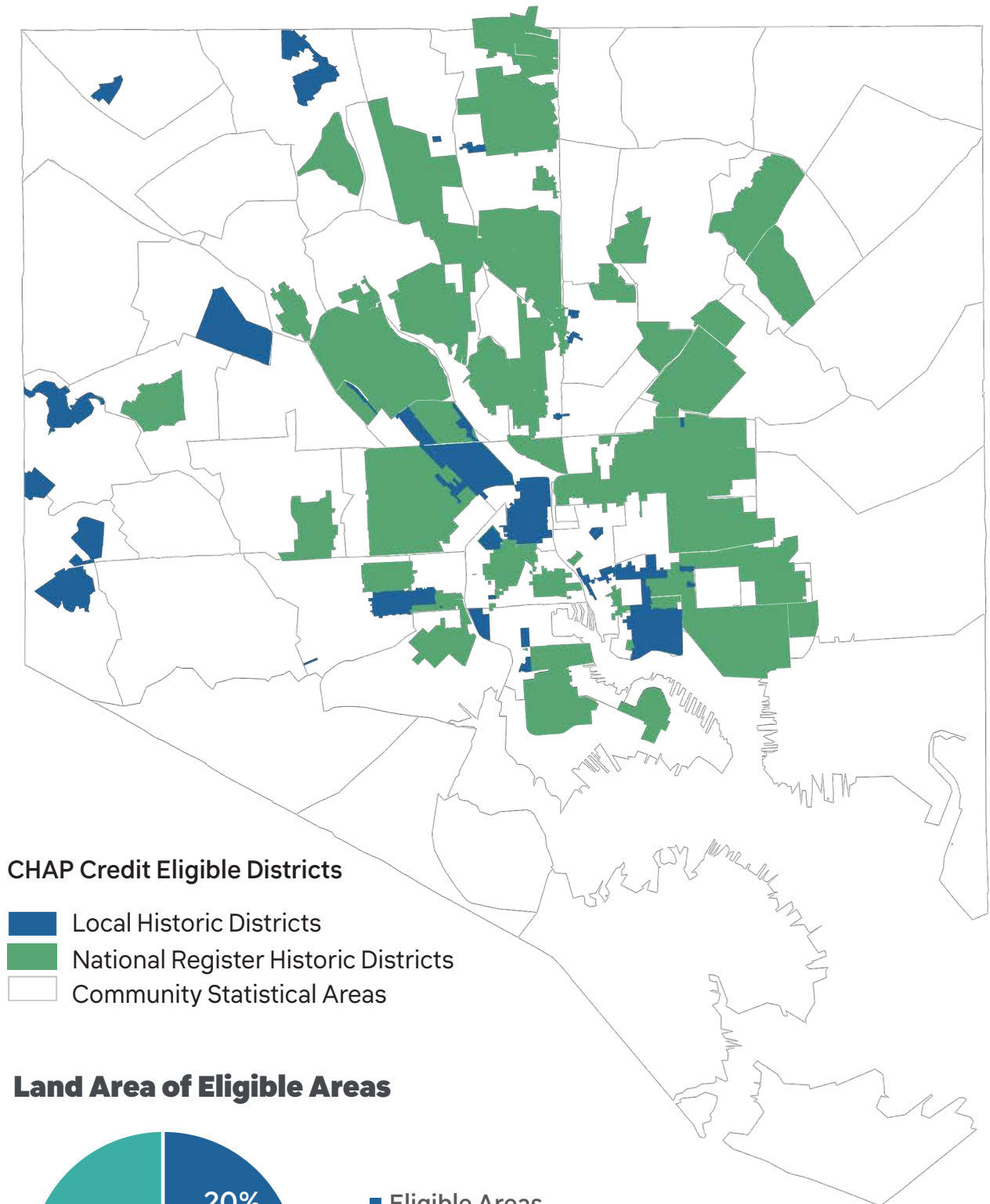


Of the building types within eligible areas, again, most are residential, including 55% that are the Baltimore rowhouse and another 27% are another form of residential dwelling.

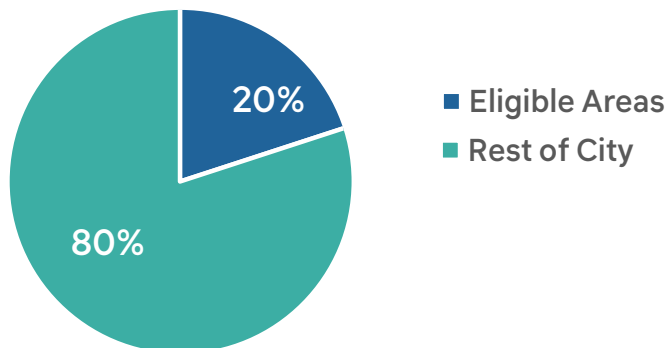
Primary Building Type in Eligible Areas



CHAP Credit Eligible Areas



Land Area of Eligible Areas



Overall, the Eligible Areas include 20% of the land area of Baltimore while the other 80% of the land has no qualifying properties.⁵

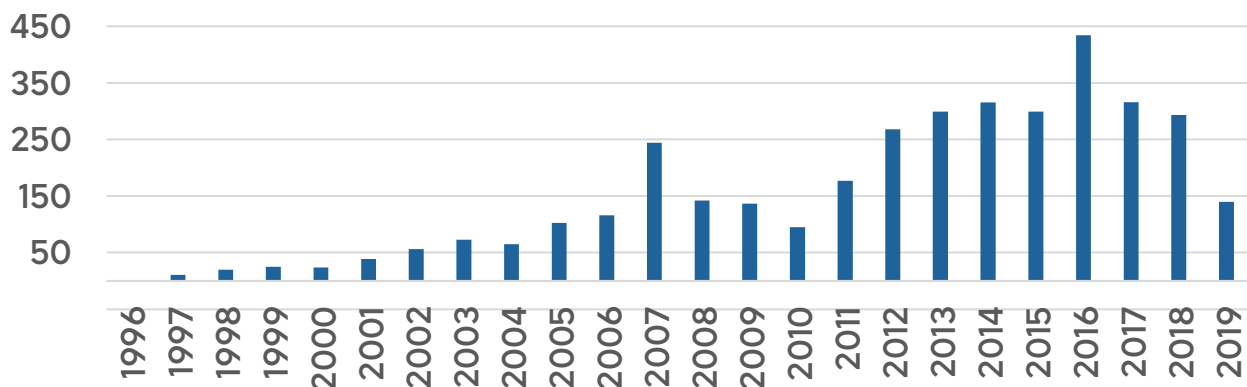
⁵ The Dundalk National Register District was not included in this analysis because over 90% of the district is outside of city boundaries.

Use of the Credit

Count

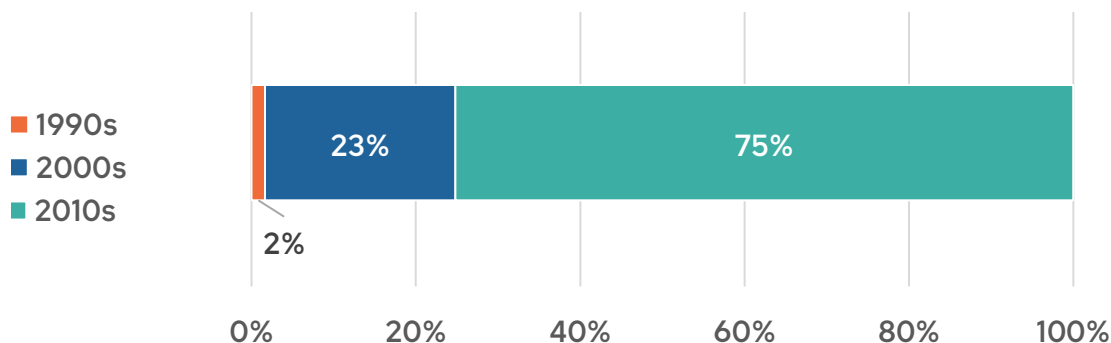
There have been 3,528 completed CHAP credit projects since the program started in 1996.⁶

Number of Projects by Year



As the credit became more widely known, and both developers and homeowners learned the processes to effectively use the credit, the frequency of CHAP credit projects increased significantly. This program has been essential for first-time home buyers, as the credit significantly reduces the monthly debt service by several hundred dollars a month for many homeowners. Three-quarters of all projects have taken place within the last ten years. Fifty percent of projects have occurred since 2014.⁷

Share of Projects by Decade



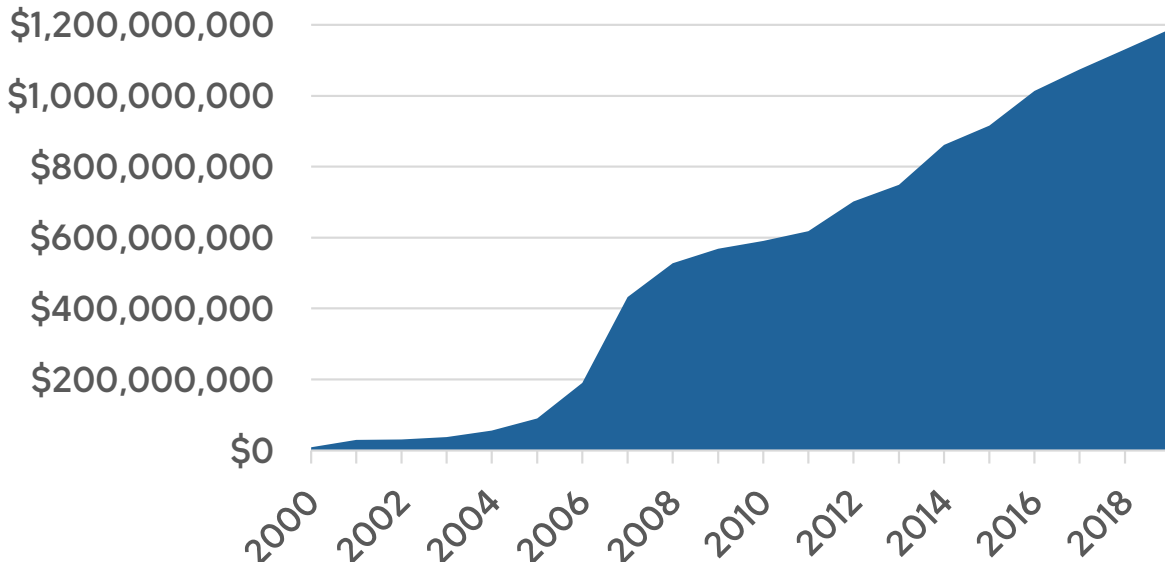
⁶ Data 1996-August 2019.

⁷ This chart is based upon final approval dates.

Annual and Cumulative Investment

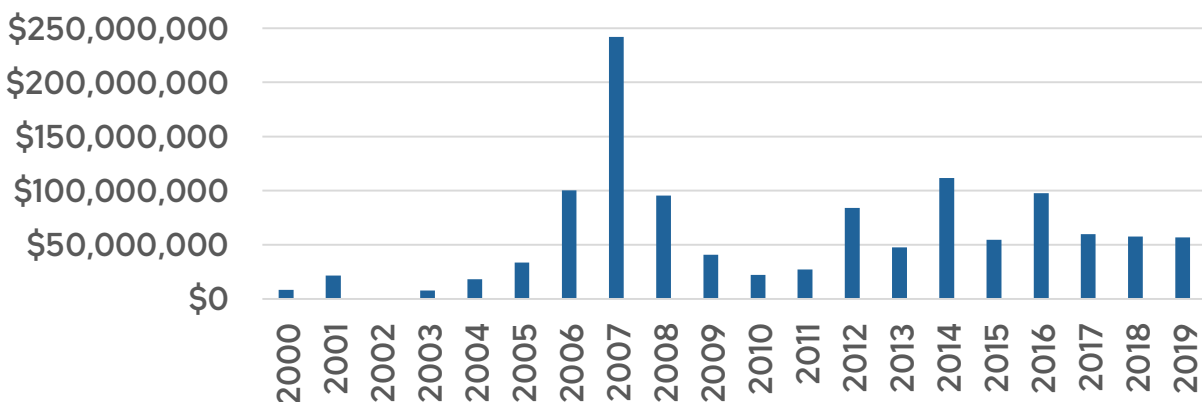
Since 2000, CHAP credit projects have seen over \$1.19 billion in total investment.⁸

Cumulative Investment



When looking at the annual rather than the cumulative investment, the volatility of use emerges. Because of a few very large projects, the year 2007 saw the largest amount ever in investment using the CHAP credit. Not surprisingly, there was a significant decline in both the number of projects and the amount of investment during the Great Recession of 2007 to 2011.

Annual Investment

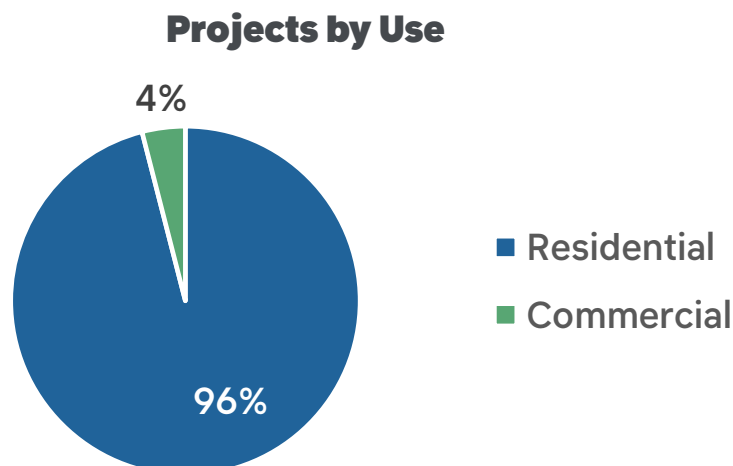


⁸ Prior to 2000, project budget was not recorded.



Commercial vs. Residential Use

Considering the majority of building typologies in eligible areas are residential, it is no surprise that the CHAP credit has primarily been used for residential properties.

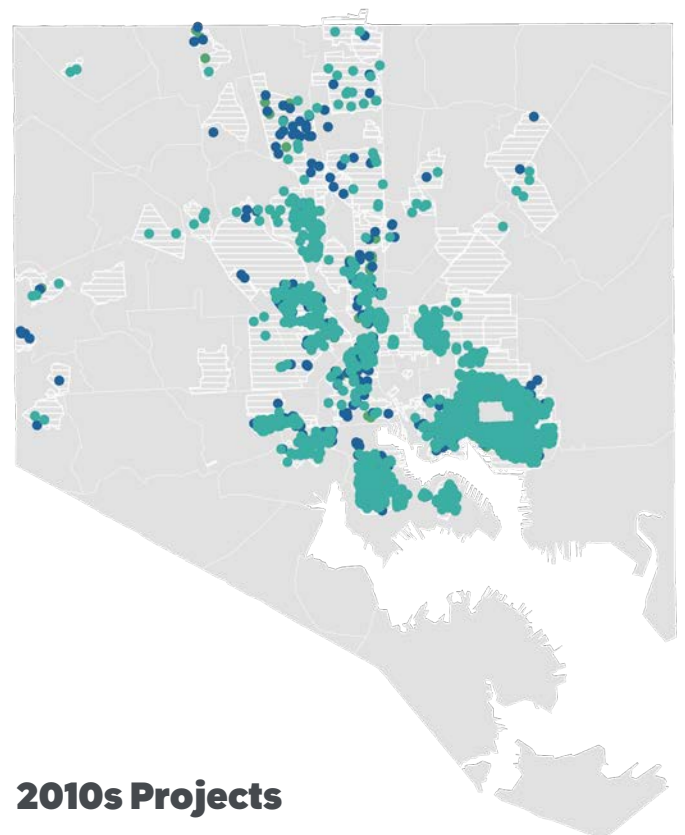
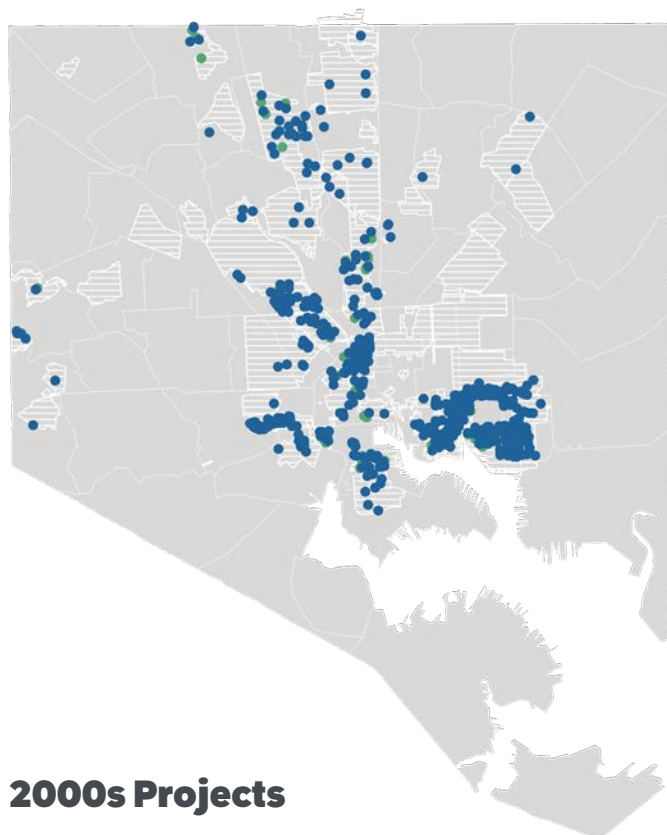
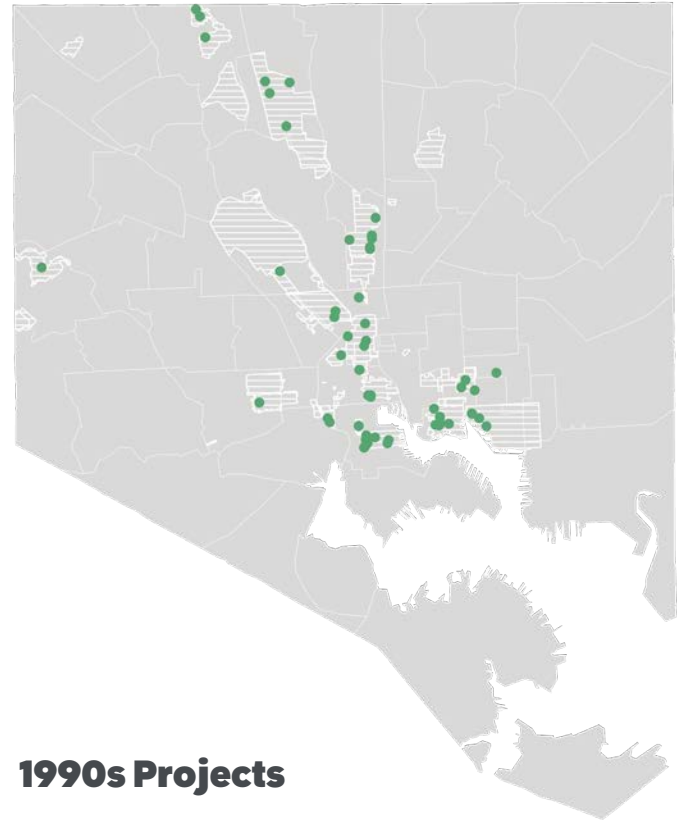


Location

As part of the effort to understand the pattern and the impact of the CHAP credit, completed projects were mapped for each of three decades. Two things can be seen from the accompanying maps: 1) As the credit became better known and more frequently used, projects were undertaken in more parts of the city. This program has been essential to the revitalization of many distressed communities in Baltimore City. The neighborhoods of Oliver, Collington Square, Reservoir Hill, and Upton's Marble Hill have seen significant use of the credit. However, 2) it is also apparent that success breeds success, with new projects most likely to be undertaken where a pattern of successful use of the credit has already occurred.

CHAP Credit Projects

- 2010 Projects
- 2000s Projects
- 1990s Projects
- ▨ CHAP Credit Eligible Districts



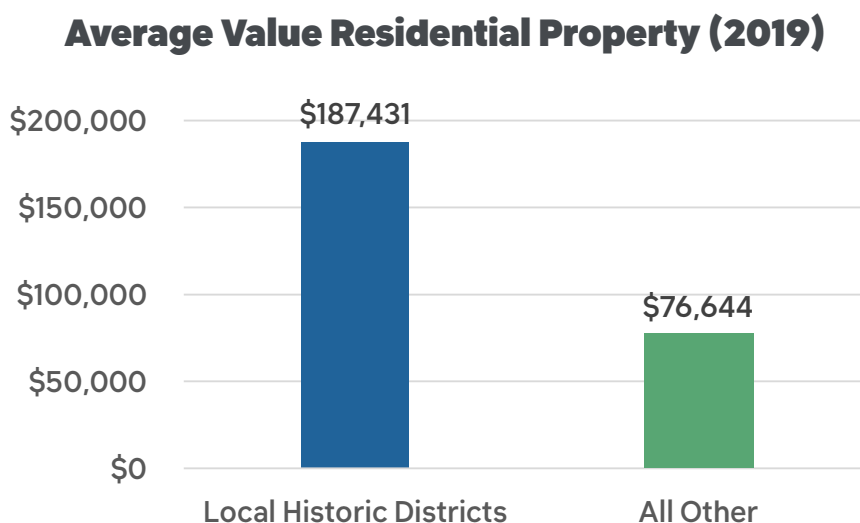
The Impact of Local Historic Districts

In Baltimore, like most American cities, there are two kinds of historic districts—national and local. National Register Historic Districts are an honorary designation, maintained on a list by the National Park Service. These are neighborhoods that the city and the residents of the historic district can be rightfully proud of. However, there is virtually no protection for properties as a result of National Register listing. Without some local protections, National Register property can be changed, altered, or demolished at the will of the owner. There is no design review for National Register properties unless they are also in a local historic district or the property is participating in a local, state or federal tax credit program.

Local historic districts do provide protection for properties within their boundaries. In the case of Baltimore that means that changes to the exterior of the property are subject to review by the Commission for Historical and Architectural Preservation (CHAP). CHAP also reviews the design of new, infill construction and whenever possible prevents demolition. Both types of districts contain buildings of historic significance and/or architectural character. The fundamental difference is that property owners in local districts have to go through a design review process to make changes to their properties; owners in National Register districts, unless they are simultaneously also in a local historic district, do not.

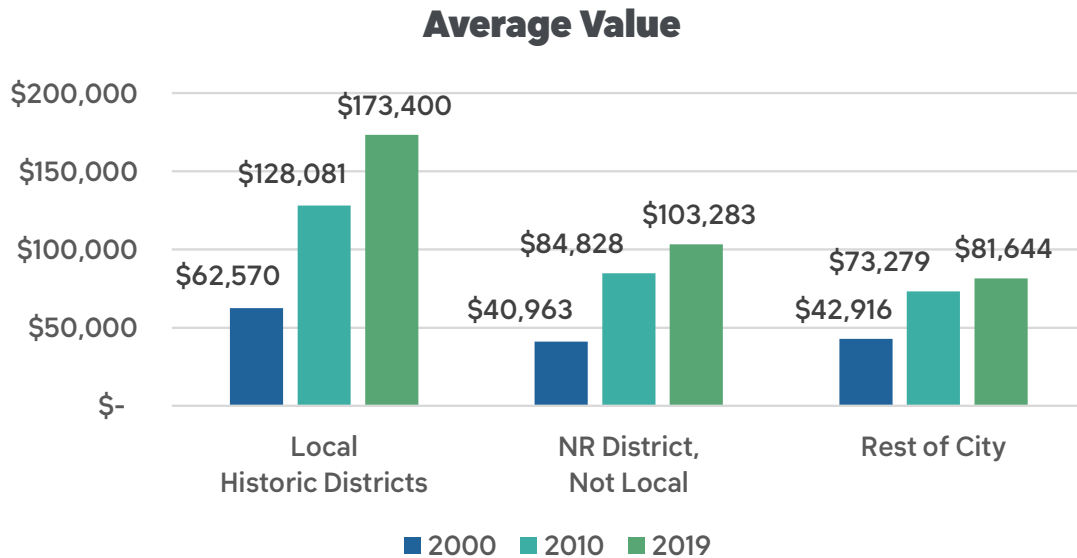
Does this “extra hoop” of regulation and protection of the neighborhood assets make a difference? To answer that question this analysis looked at comparisons in both value and change in value over time among properties in local historic districts, properties in National Register districts that are not also local districts, and properties in Baltimore in neither local nor National Register districts. Taking into account only properties with consistent records going back to 2000, this analysis evaluated 6,000 residential properties in local historic districts, and 56,000 in National Register districts that are not also part of a local district.⁹

The first measurement was simple average value. Based on analysis of more than 170,000 residential properties citywide here is what was discovered: The average current value of houses in local historic districts is over twice the average in the rest of the city.



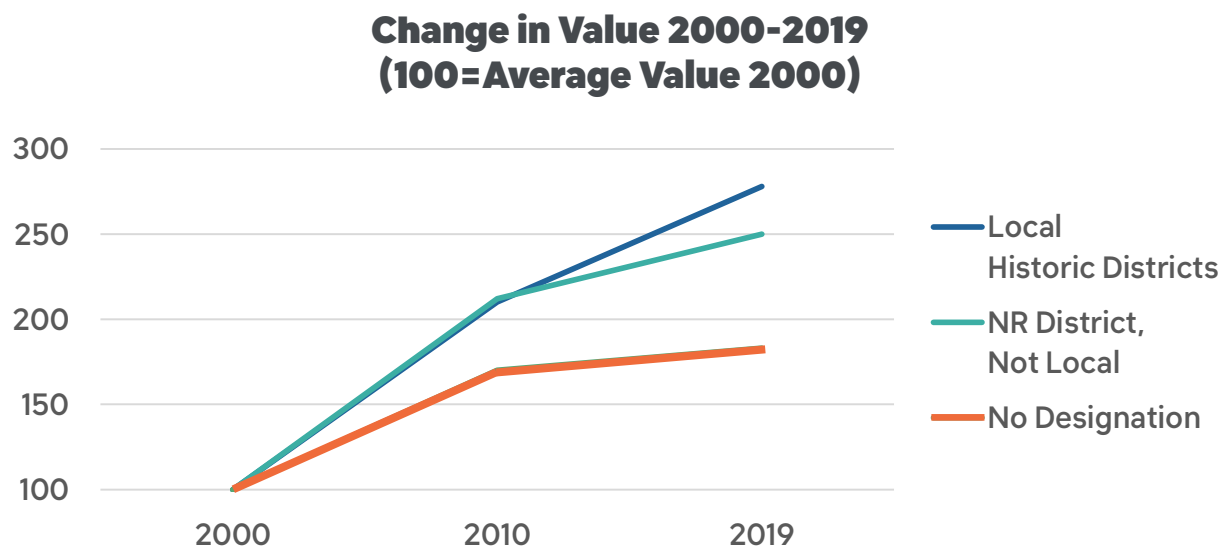
⁹ This analysis looked parcels for which there were consistent records through to time back to 2000. When not limited by this, in 20171, there were 11,800 parcels in local historic districts and 76,300 in National Register districts that are not also part of a local district.

But maybe buyers just prefer historic houses, and it doesn't matter whether they are in a local historic district or a National Register district. So a comparison was made of the average value of all three categories of residential properties: 1) in local historic districts; 2) in National Register districts; and 3) in neither. And the average value of each was calculated at three points in time: 2000, 2010, and 2019.

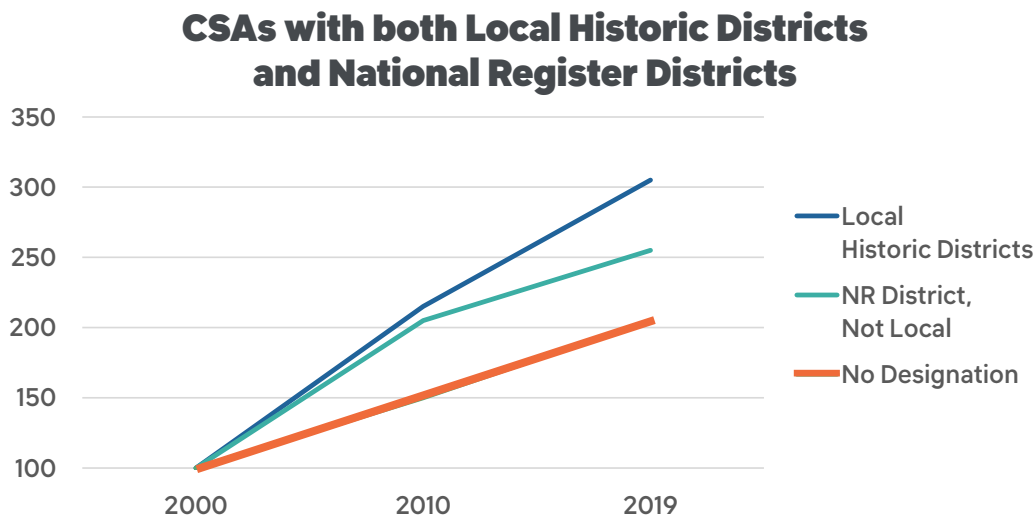


At all three points in time, the market place was willing to pay more for properties in local historic districts, in spite of design review being required if the homeowner wanted to make significant changes. This is certainly not because local historic district property owners loved going to preservation commission meetings, but likely because of the purchaser's confidence that the property owner across the street would not be allowed to make changes that would have an adverse effect on nearby properties.

This difference in average values is also reflected in the rate of change in value over time. While historic properties in National Register districts outperformed the properties in undesignated neighborhoods, properties in local historic districts did better than both National Register houses and the rest of the city.

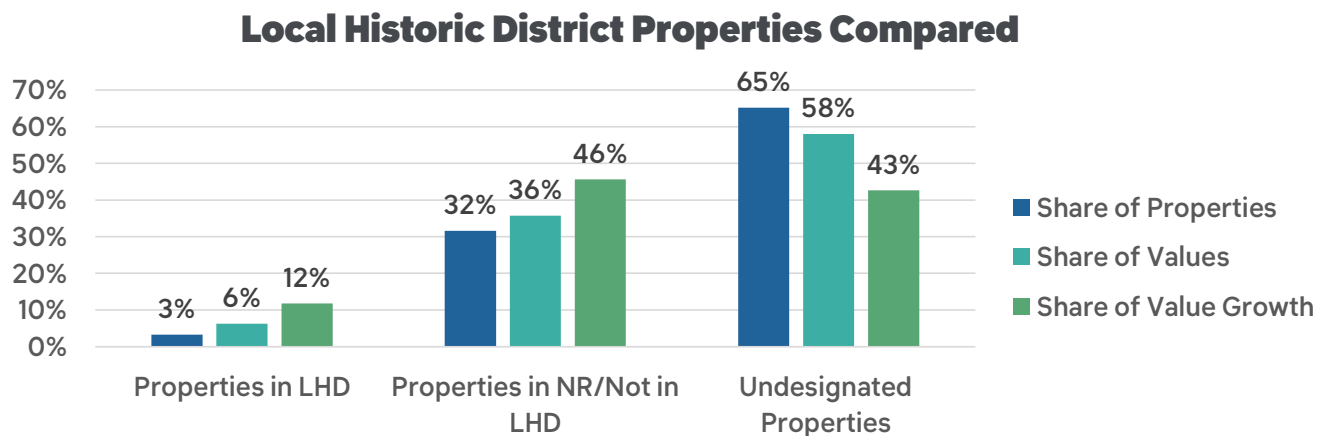


This is what has been happening citywide, but what about at the neighborhood level? Twenty-one of Baltimore's Community Statistical Areas (CSAs) have both local historic districts and National Register districts. For this report an analysis was made of the change in value over time in those CSAs comparing average values in both types of districts. Again, while properties in National Register districts increased in value more than did undesignated properties, average values in local historic districts increased more than both other categories.



This “preservation premium” that the market is willing to pay for properties in local historic districts certainly benefits the owner with more rapid growth in value. But the City of Baltimore is also a major beneficiary of this difference. If, over the last nine years, properties in local historic districts had only gone up at the same rate as the rest of the city, there would have been nearly \$3.4 million fewer property tax dollars going into city coffers in 2019.

Local historic districts constitute only 3.3% of residential properties in Baltimore, but 6.3% of the value of residential properties, and in the last decade have seen nearly 12% of the overall increase in residential property value.



Do local historic districts and the design guidelines that accompany them make a difference? Clearly the marketplace shows that they do.



Housing Market Typology

Baltimore's Housing Market Typology (HMT) was developed to assist the City in its efforts to strategically match available public resources to neighborhood housing market conditions. The typology is also used by the Housing Code Enforcement Division to tailor market interventions and strategies to neighborhood conditions.

The Typology uses a cluster analysis to discern spatial patterns within 8 different data sets, including median sales price, sales price variance, vacant lots and buildings, foreclosures, residential permits, owner occupancy, and housing unit density. These clusters are then aggregated to the census block group level, determining the Housing Market Typology of each census block group. The City's Housing Market Typology is updated every 3 years and published jointly by the Baltimore City Department of Planning, Department of Housing & Community Development, and the Reinvestment Fund.

However, there are some limitations to looking at the Housing Market Typology at the block group level. Though Baltimore has conducted this analysis every 3 years since 2005, block group shapes and identifier numbers change every 10 years in conjunction with the decennial census. This makes it difficult to compare block groups from the 2000s with block groups from the 2010s. For this reason, in order to look at the Housing Market Typology longitudinally since its inception in 2005, the analysis was taken down to the parcel level.

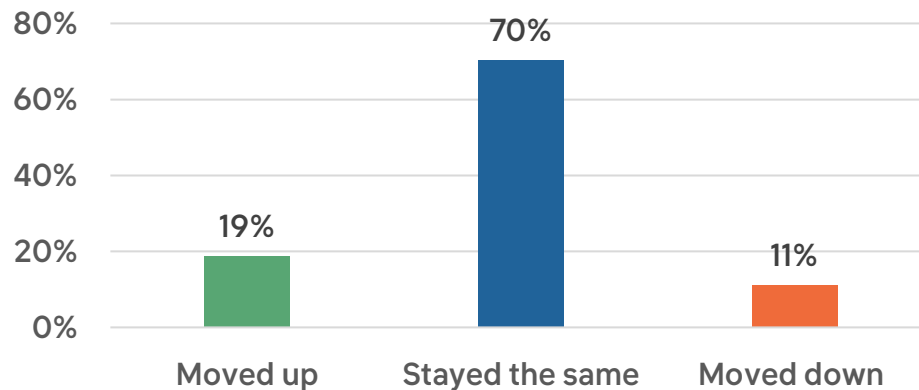
Unlike the census unit boundaries, what has been consistent since the beginning is that the City of Baltimore has maintained records of the Housing Market Typology rating for the more than 227,000 parcels within the city for each of the analysis years – 2005, 2008, 2011, 2014, and 2017. Each one of those parcels was identified each analysis year as to which category within the Housing Market Typology the parcel fell. Thus, if an individual parcel was located in a census block group rated as a category 3, for example, that parcel was so identified.

Although some definitions have changed, the legacy data kept by the City allows a parcel level analysis over time. Of the 227,000 total parcels, 88,000 or 38.7% are located in areas eligible for the CHAP credit – National Register Historic Districts or local historic districts.

For this report, the parcel level Housing Market Typology scores were analyzed to determine how many parcels were in areas that improved over time, how many in areas that remained the same, and how many declined based on the HMT variables.

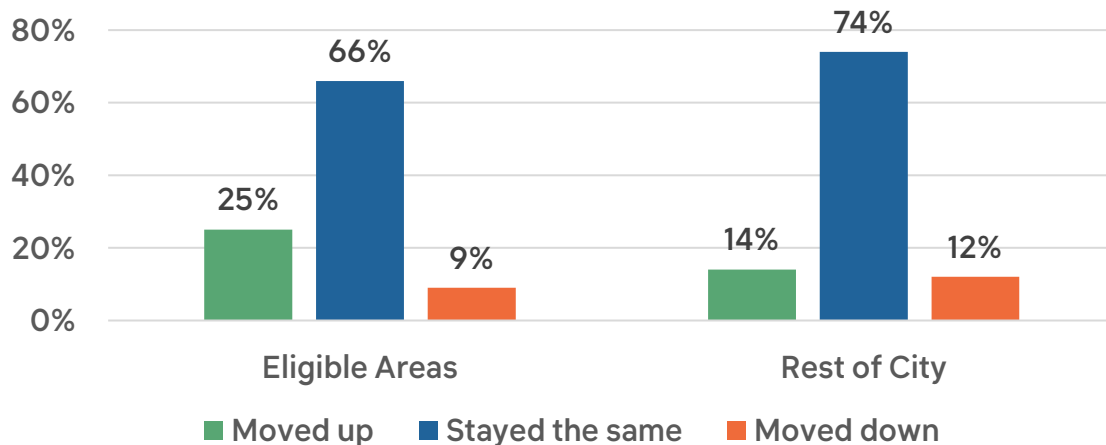
As can be seen in the graph below, a bit less than 19% of Baltimore's parcels improved in their Housing Market Typology status, 70% stayed the same, and 11% declined.

Change in Housing Market Typology Status (Parcels, 2005-2017)



When these same comparisons are made separating parcels that are in areas eligible for the CHAP credit and those that are not, clear differences emerge.

Change in Housing Market Typology Status - Eligible Areas vs Rest of City (Parcels, 2005-2017)

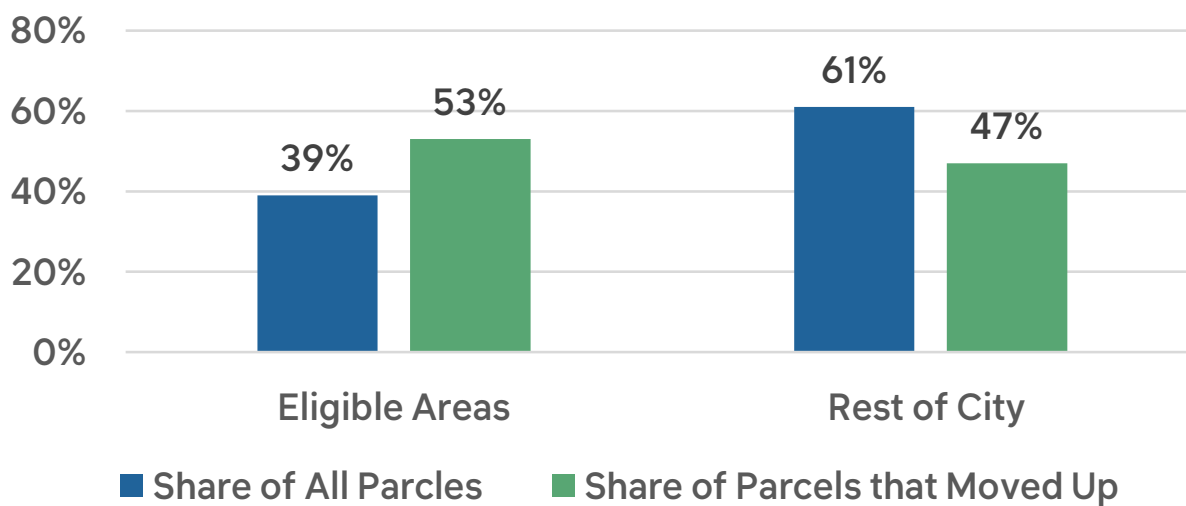


More than a quarter of parcels in eligible areas saw their neighborhoods moving up in Housing Market Typology ratings—more than 2½ times the number that declined in status. For the rest of the city, however, less than 15% saw measurable neighborhood improvement based on HMT criteria, while nearly 12% saw a decline.

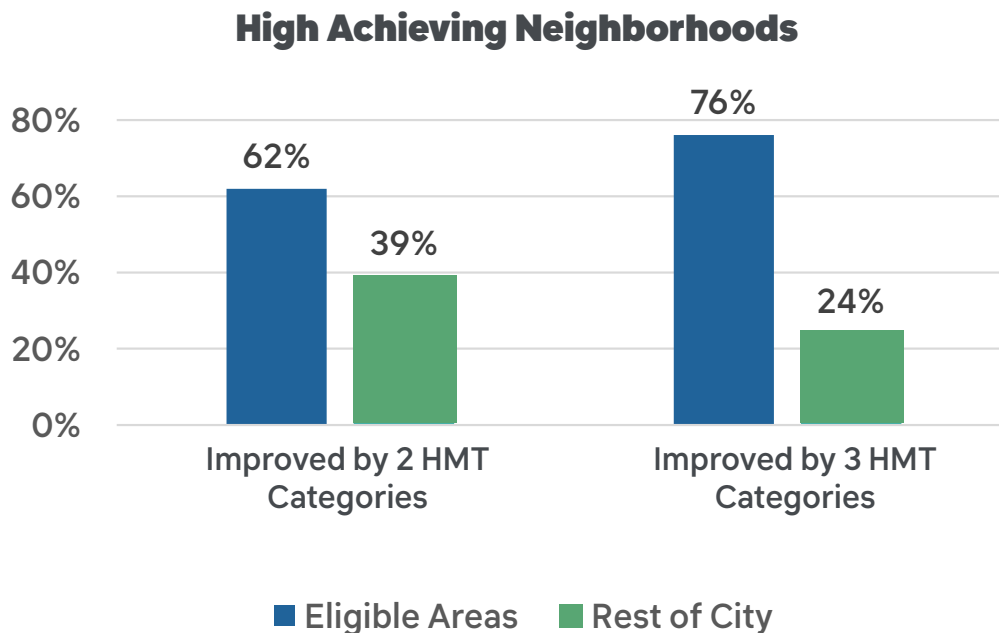


Looking at it another way, while properties in eligible areas constitute around 39% of all parcels, properties in eligible areas accounted for more than 60% of properties whose Housing Market Typology ratings improved over the period.

Share of Parcels (Total and Moved Up in HMT Rating)



To further consider the effect of being in a CHAP-eligible area, parcels that moved up 2 or more rankings on the 5-point Housing Market Typology scoring system were identified as “High Achieving Neighborhoods.” Parcels were then divided between those that were in areas eligible for the CHAP credit and those that were not. Sixty-one and a half percent of parcels within areas that moved up two in the ratings (i.e. from an E to a C or from a D to an B) were in areas eligible for the CHAP credit. Among those that moved up a stunning 3 places in the ratings, more than 3 in 4 were in an eligible area.



Why is the analysis above important? If one looks only at the current Housing Market Typology scores it would be easy to conclude that “Sure, the CHAP credit helps, but it is helping neighborhoods that are already strong.” That is clearly not the case. More than a quarter (25.4%) of properties in CHAP-eligible areas today have seen the strength of their neighborhood improve since 2005. Yes, the CHAP credit is effective in already strong neighborhoods, but perhaps even more important, it helps stabilize and strengthen neighborhoods that weren’t always in their current condition.

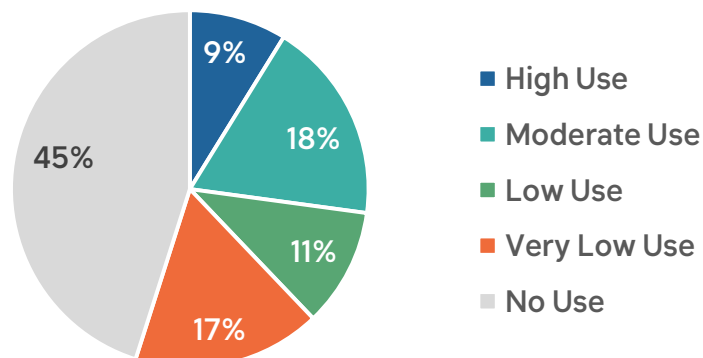
Community Statistical Areas as Basis of Analysis

For a nuanced and neighborhood level understanding of the city, the Department of Planning of the City of Baltimore has identified Community Statistical Areas (CSAs). Because that level of geography is widely used in Baltimore and significant data is available for each CSA, much of the information for this report was gathered at the CSA level. There are 55 CSAs in Baltimore, 38 of which include areas that are eligible for the use of the CHAP credit; 17 CSAs do not have any districts or individual properties that qualify for the credit. Of the 38 CSAs with eligible areas, 35 had at least one project using the credit since it was established. Three CSAs (Greater Govans, Greater Rosemont, and Midway/Coldstream) contain qualifying properties, but no one has yet used the CHAP credit in those areas.

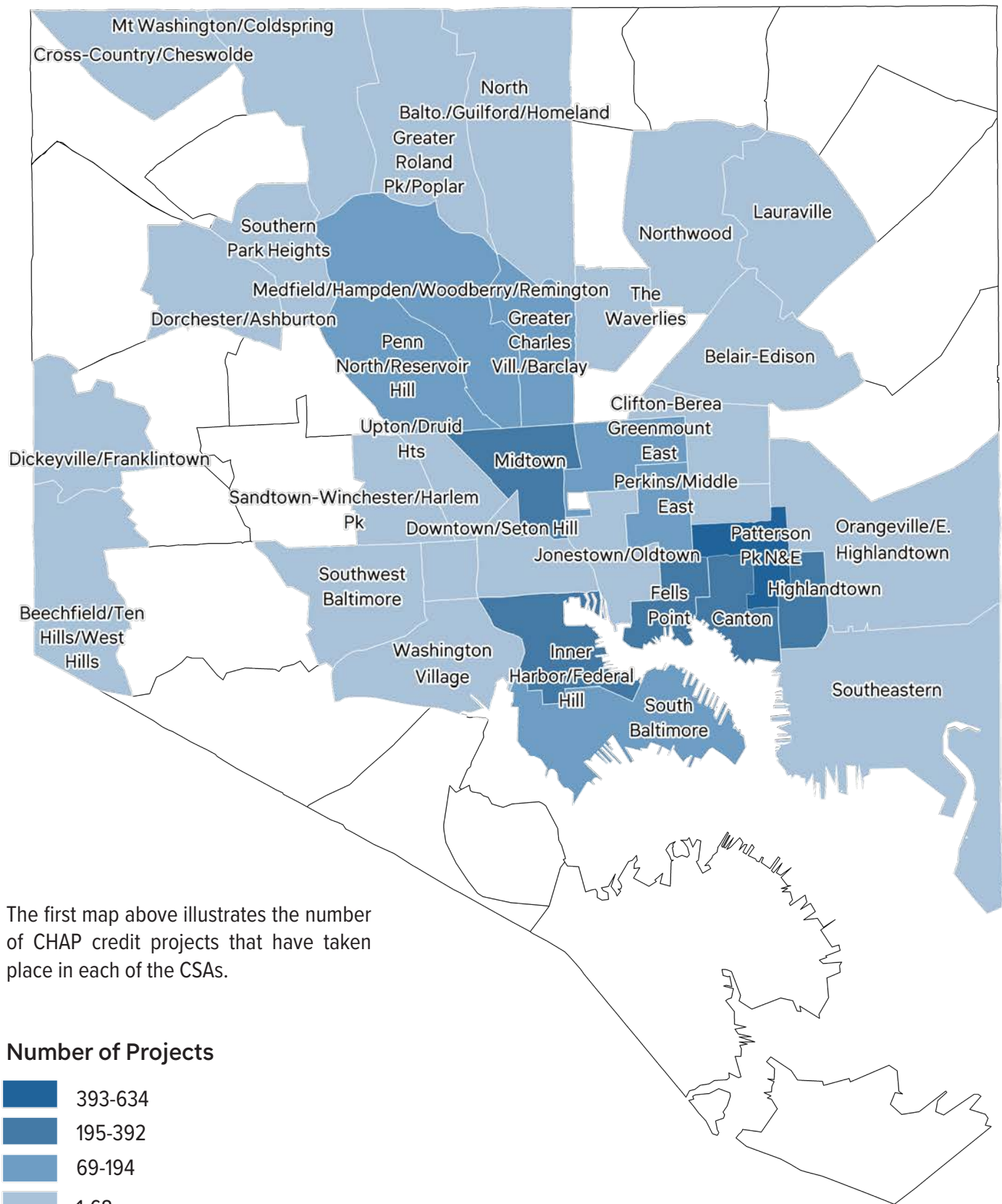
As part of this analysis, each of the CSAs that saw CHAP credit investment was classified as to intensity of use: High Use; Moderate Use; Low Use; and Very Low Use. These categories were based on the percentage of the total number of eligible properties that have used the credit. In High Use CSAs, more than 7% of eligible properties used the credit. Moderate Use was defined as between 2% and 7% of eligible properties using the credit. Low Use CSAs had use of between 1% and 2% and Very Low Use less than 1%. The top 6 CSAs for use of the credit were Midtown, Canton, Patterson Park N&E, Fells Point, Perkins/Middle East, and Highlandtown. These areas account for nearly 60% of the total credit use.

The area of the city that is covered by each of these CSA categories is shown below. “High Use” areas cover just under 9% of the area of the city. “No Use” areas are slightly less than half of the city’s land area at 44.7%. These proportions become more significant later in this report where the locale of building permits and investment is sorted into these geographical areas.

City Land Area by Use Intensity Category

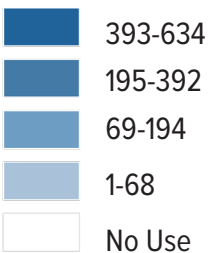


Use Intensity by Raw Number of Projects

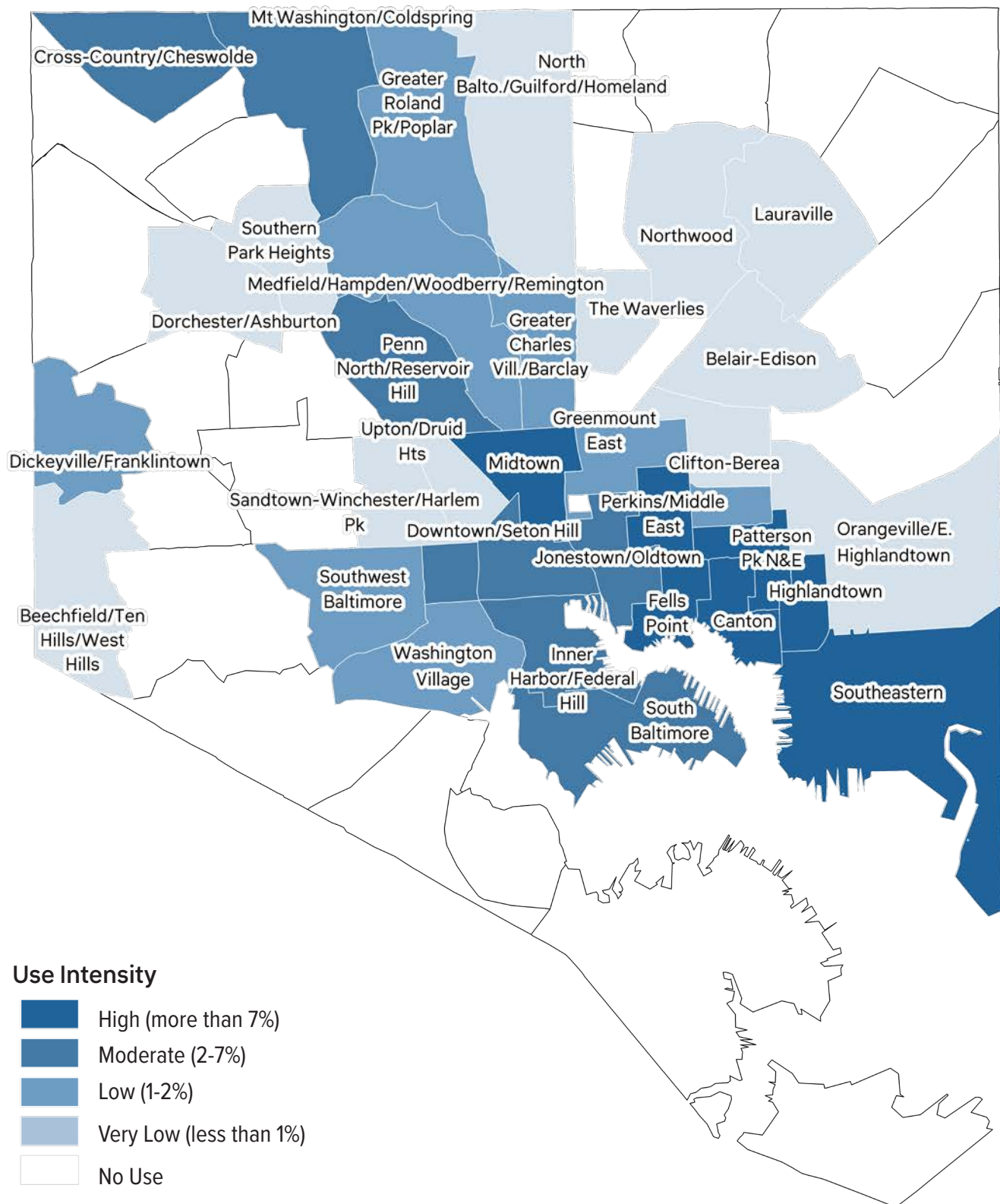


The first map above illustrates the number of CHAP credit projects that have taken place in each of the CSAs.

Number of Projects

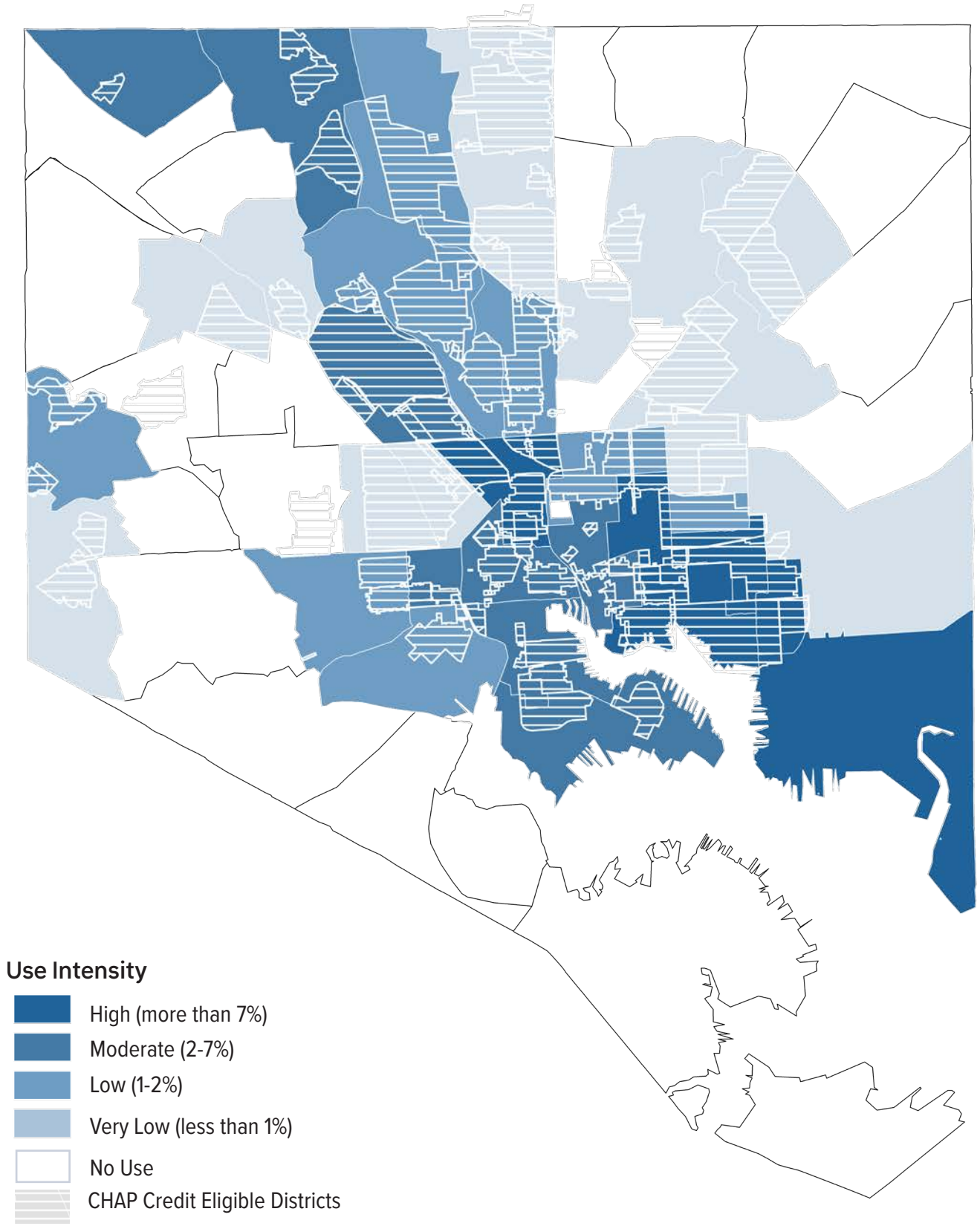


Use Intensity by Share of Eligible Properties that Used the Credit



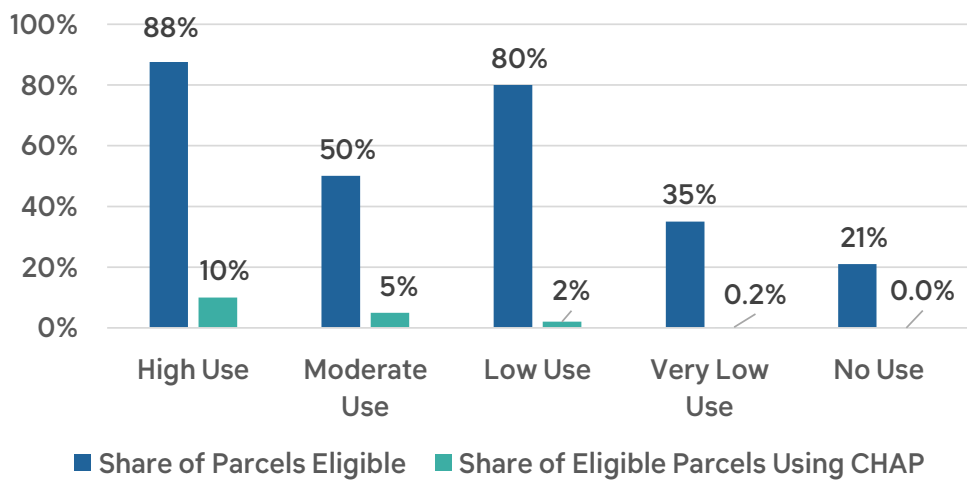
A slightly different picture emerges when the map considers the intensity of use (i.e. share of eligible properties that used the credit) rather than just the total number of projects in each CSA. As can be seen, the swath of CSAs running from Southeast Baltimore to the Midtown area is where the greatest intensity of use of the credit has occurred.

Historic Districts and Use Intensity



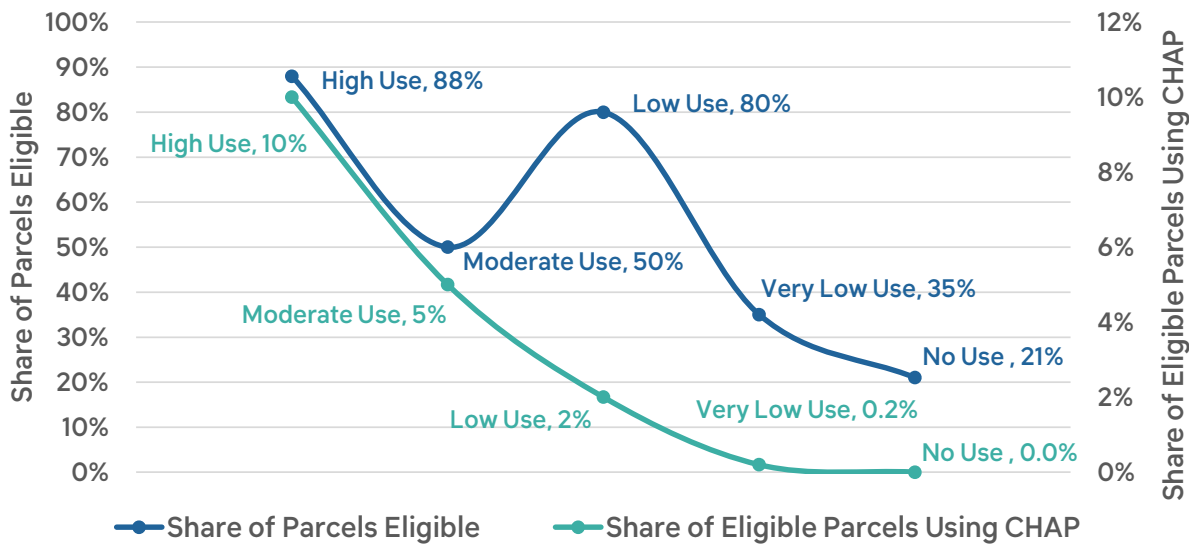
There is also a strong, but not perfect, correlation between the share of total properties eligible for the CHAP credit and the rate of the use of the credit. In the High Use category nearly 90% of the parcels within those CSAs were eligible for the credit and nearly 10% of eligible properties used the credit over the life of the program. For the most part, CSAs categorized as less intensive use also had a smaller share of total parcels that were eligible for the credit. The exception is found in the seven CSAs in the Low Use category (Greenmount East; Madison/East End; Medfield/Hampden/Woodberry /Remington; North Baltimore/Guilford/Homeland; The Waverlies; Upton/Druid Heights; Washington Village). While nearly 80% of the parcels in these CSAs are eligible for the credit, only 1.6% of eligible properties used the credit.

CSA Use Intensity by Share of Properties Eligible



The graph below shows the same data but illustrates the deviation from the expected pattern in those Low Use CSAs.

Share of Parcels Eligible and Intensity of Use

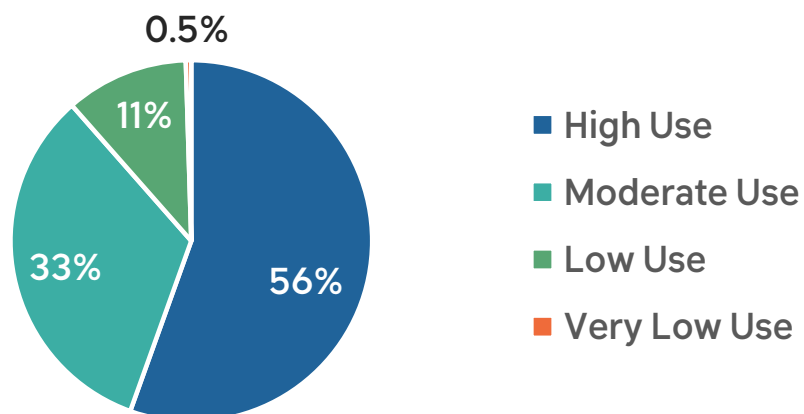




Waterfront Hotel, Tax Credit Project, Photo by Preservation Maryland, [Licensed](#)

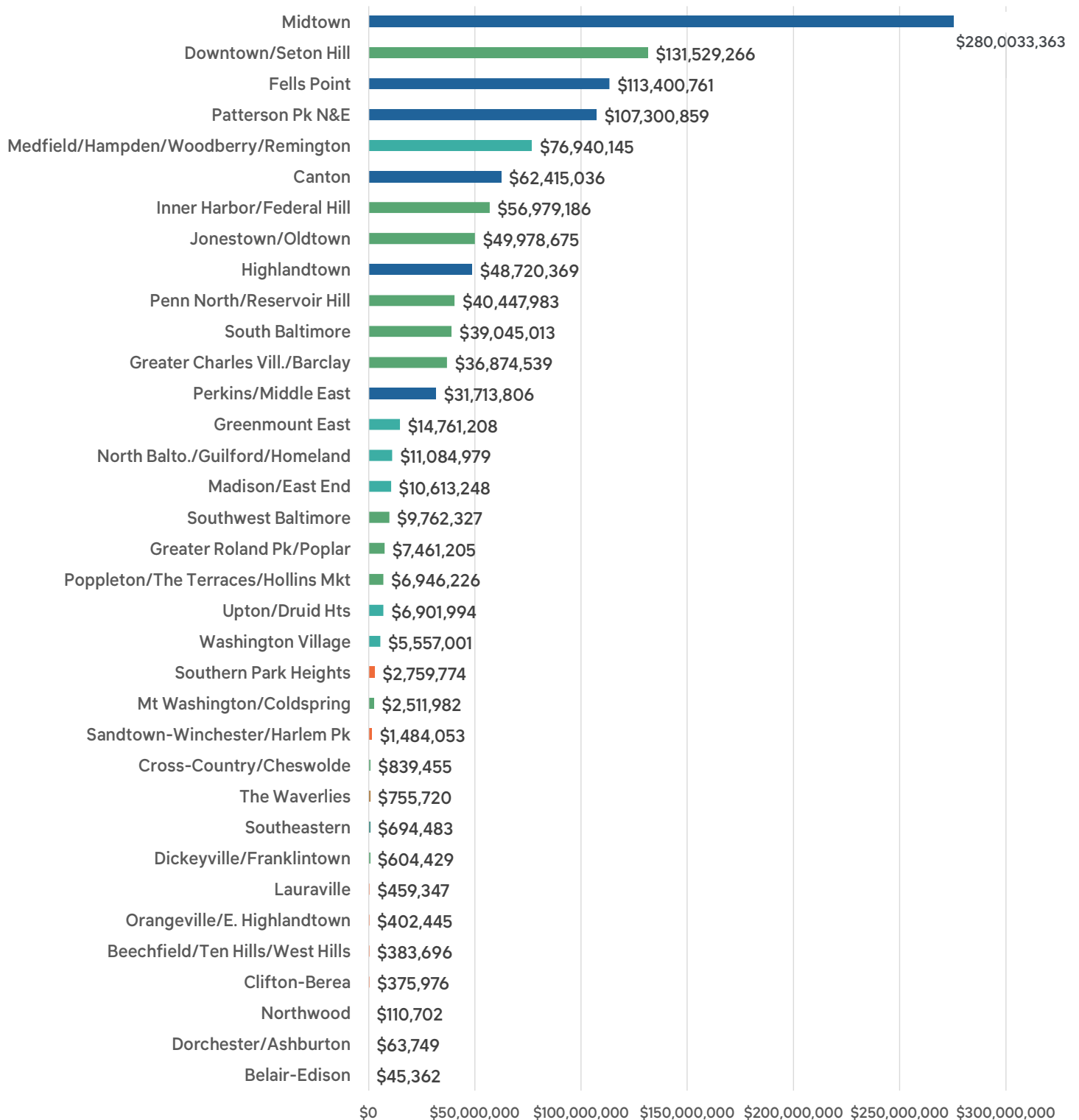
Overall, more than half of the dollars invested in projects using the CHAP credit took place in High Use CSAs.

Share of Project Investment by Use Intensity



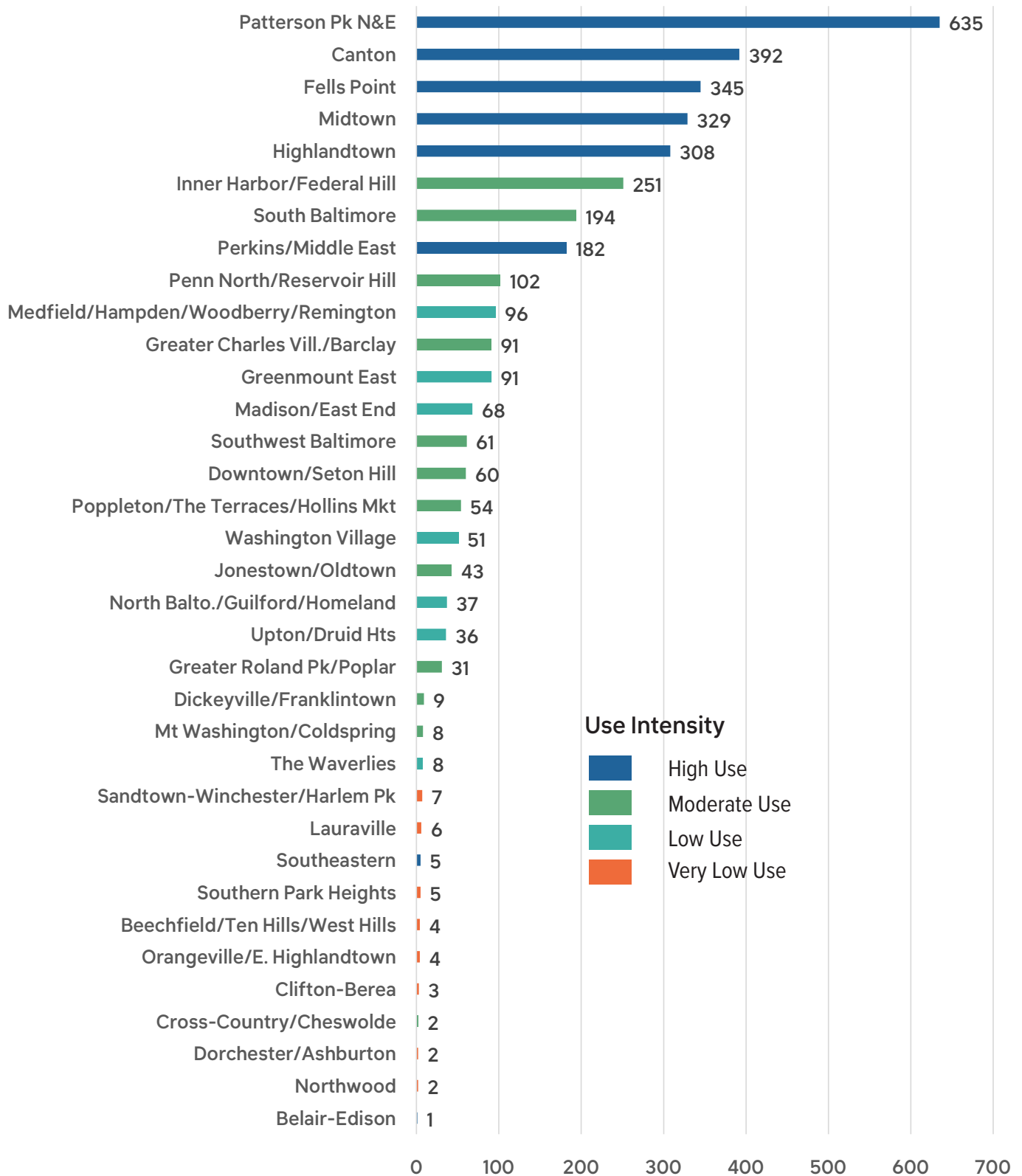
Investment within each CSA is seen below, with the Midtown area representing nearly a quarter of all investment at \$280 million. This is driven primarily because of large, commercial projects utilizing the credit. However, in numbers of projects, small-scale residential development is by far the most common. But in terms of total dollars, commercial projects constitute a significant percentage.¹⁰

Total Investment by CSA



¹⁰ The Medfield/Hampden/Woodberry/Remington CSA has seen several large mill rehab projects, which explains their high total investment despite its low use intensity.

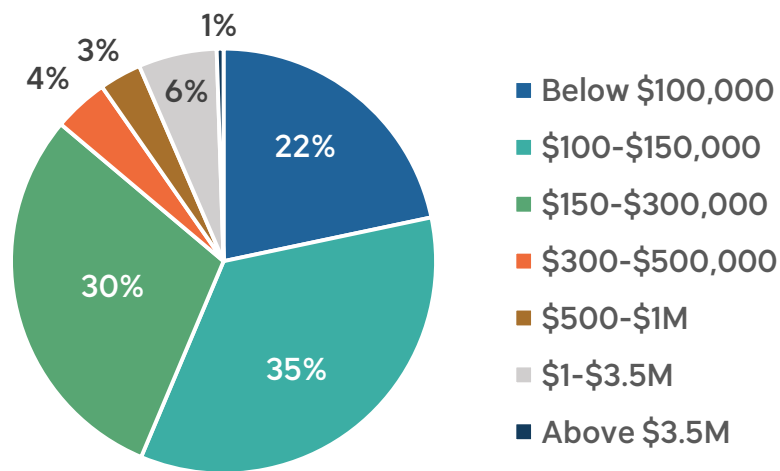
Number of Projects by CSA



Size of Projects

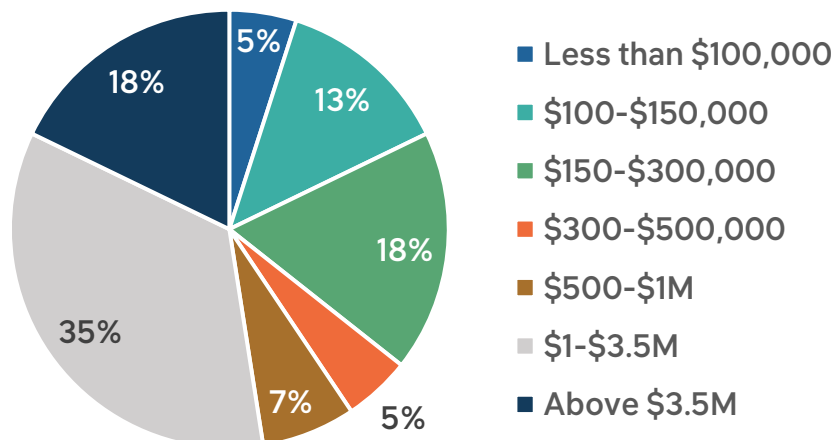
As was noted above, a few large, commercial projects represent a substantial share of the total dollar amount of investment. However, this program could legitimately be considered a “mom and pop” incentive, as over half of projects had budgets less than \$150,000 in project costs.

Projects by Size



Based on the number of projects, those below \$150,000 constituted more than half. However, in terms of total investment dollars, projects of more than \$1 million represented more than half of all investment dollars.

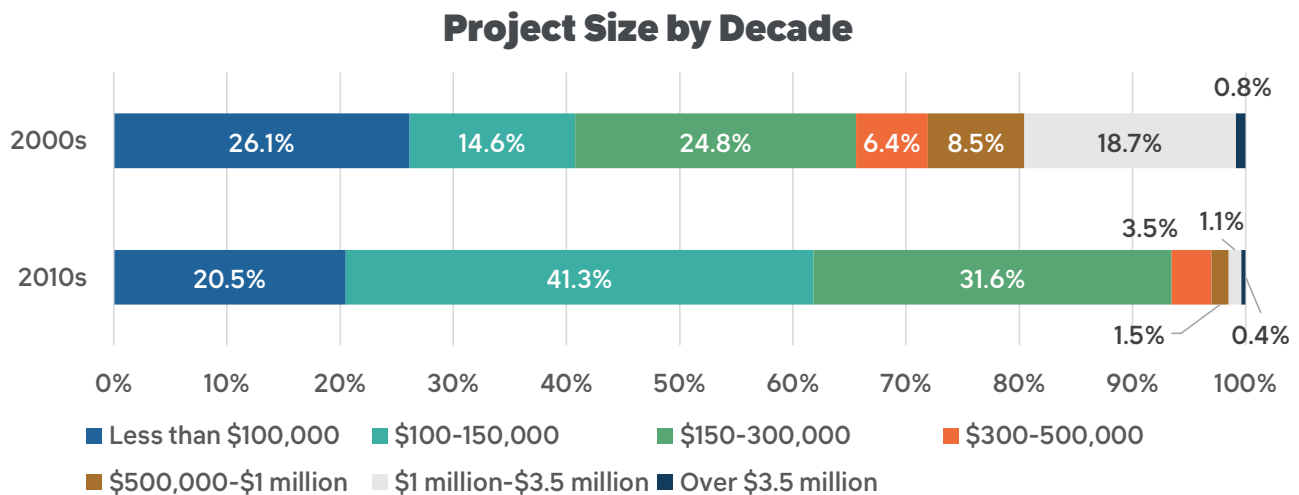
CHAP Investment by Size



Average Project Investment

The handful of very high budget projects using the CHAP credit in the 2000s is apparent when comparing the average (mean) project budget for that decade versus the median budget. While the “average” project was nearly \$650,000, the median was just \$195,000, meaning more than half of the projects in that decade were less than \$200,000. In the following decade both the mean and median project budgets went down, meaning both that fewer very large projects were skewing the average, but also that a number of smaller (and, therefore, more affordable) projects were undertaken.¹¹

	Average Project Budget:	Median Project Budget:
2000s:	\$648,249	\$195,205
2010s:	\$234,946	\$135,252
Overall:	\$334,282	\$140,000



¹¹ Project budgets not recorded until 2000. In 2014, the city introduced the High Performance Market Rate Rental Tax Credit which many large buildings downtown used to rehab rather than the CHAP credit. This may explain some of the decline in larger projects.

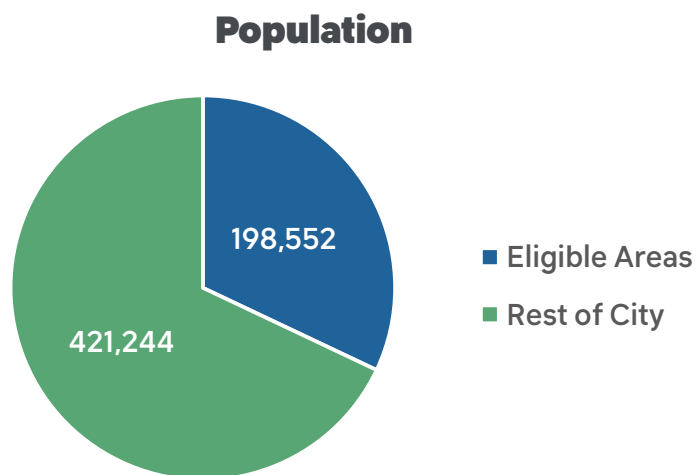


Population and Tenure

CHAP credit eligible areas cover approximately 20% of the city's land area. The results of this study show that areas of the city with CHAP investment stabilized in population—while the city as a whole declined—and strengthened neighborhoods through homeownership.

Population

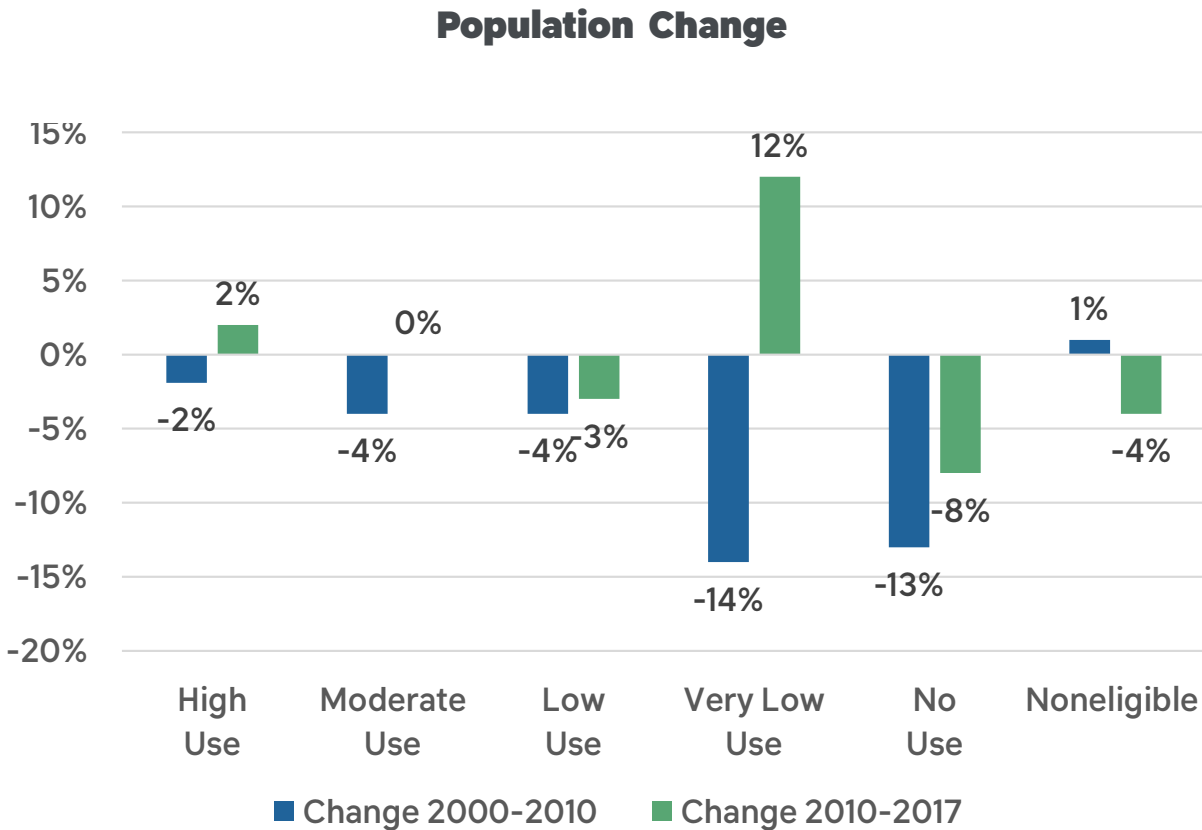
Just slightly less than two-thirds of the population of Baltimore (65.5%) live in CSAs which contain CHAP credit-eligible areas. Within those CSAs, 32.0% of the population resides in districts that are eligible for the CHAP credit.



Baltimore is one of many legacy cities with declining populations. Between 2000 and 2017, the city lost 4.8% of its population, approximately 31,000 people. But at the CSA level, the data shows some neighborhoods gained and others lost. Of the high intensity tax credit use CSAs, two-thirds saw population growth during that time and one-third saw a loss.

It may be too soon to draw conclusions, and there may be peculiarities at the neighborhood level that skew the data. But when the rate of population change is looked at in relation to the intensity of use CSA's, comparing the 2000 to 2010 period and then the 2010 to 2017 period, a consistent pattern emerges. As shown in the graph below, every one of the CSA groupings with eligible properties did better in the more recent time period than the earlier time period. In some cases, the 2000 to 2010 period showed a population loss while the 2010 to 2017 period a population gain. In other instances, there was still a

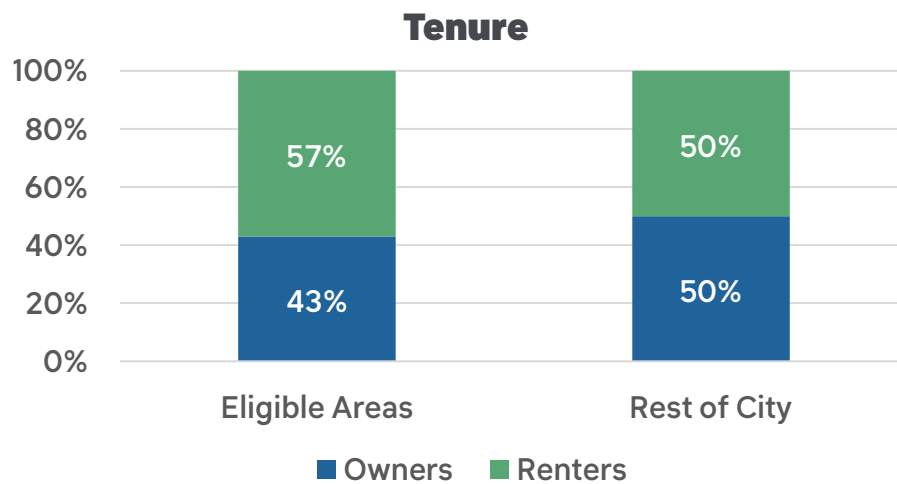
population loss in both periods, but the rate of loss declined. This is contrasted with the 17 CSAs that have no eligible properties. Those areas experienced population gain between 2000 and 2010 but declined in population in the following period. The one outlier in this data is the group of nine CSAs who have eligible properties for the CHAP credit but Very Low Use of the credit. Those areas experienced a very large loss of population between 2000 and 2010 but a large percentage gain between 2010 and 2017. Because less than 1% of eligible properties used the credit in these neighborhoods, it is unlikely that projects using the credits were sufficient in number to catalyze this level of change in the area.



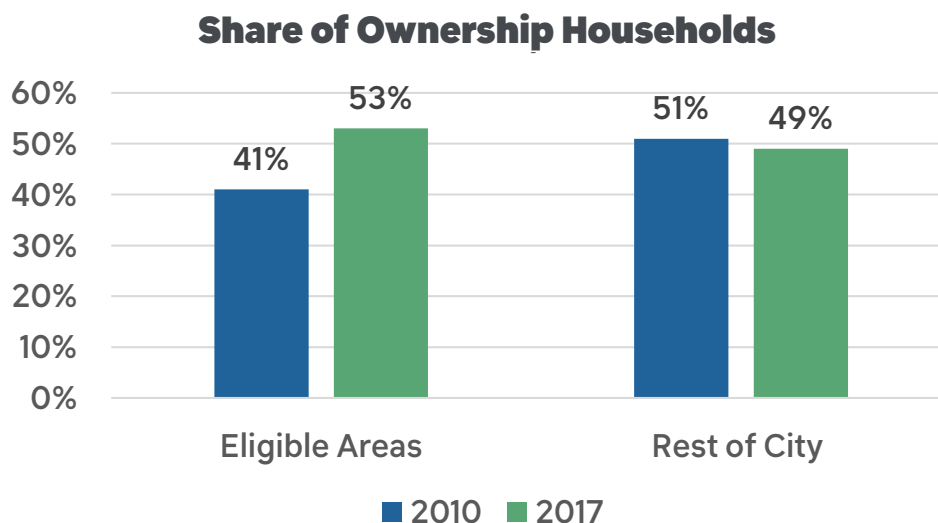
It should be seen as significant that the High Use areas gained nearly 2% in population between 2010 and 2017 while the city overall still experienced a nominal decline.

Tenure

The rate of home ownership in Baltimore is lower than most other cities in the United States. Overall, approximately 47% of all households are owners while 53% are renters. That number is skewed somewhat, however, by a greater share of renting households in the areas eligible for the CHAP credit as compared to the rest of the city. Only 42% of households in eligible areas are owners. The rest of the city is nearly half owners and half renters. A household on the lower end of the income scale is more likely to be able to rent than to own. Therefore, this high percentage of rental households in eligible areas is one of the reasons a large percentage of lower income households remain there.



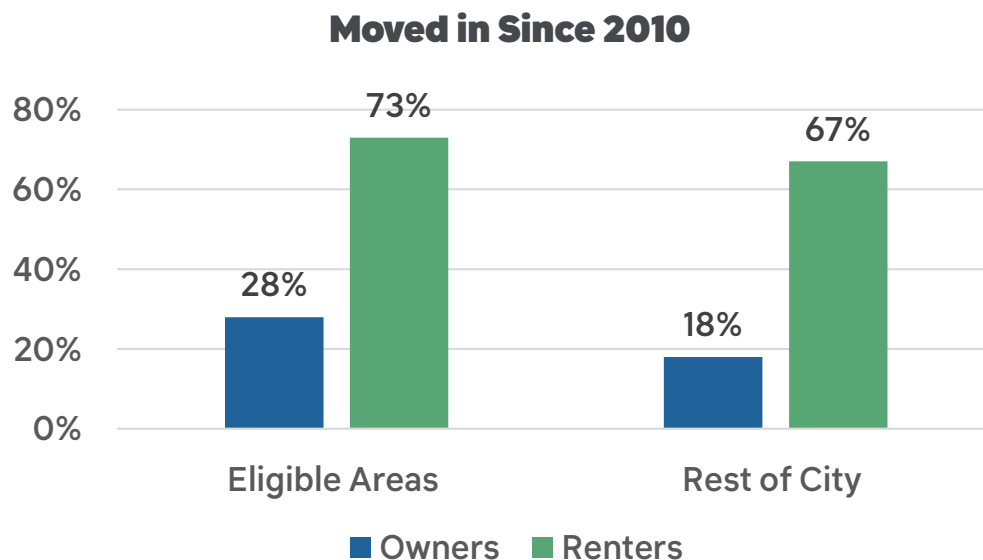
Home ownership certainly is not for everyone, and any equitable city must have ample rental properties available. However, home ownership is often seen as a sign of neighborhood stability. The City of Baltimore lost more than 5,600 homeowner households between 2010 and 2017. While areas with CHAP credit activity also lost 275 homeowner households over that period, the rate of homeownership increased from 41.2% to 43.1%.





N. Curley St, Tax Credit Project
Photo by CHAP

In a city like Baltimore which is losing population, the challenge is getting new people to move into neighborhoods both as renters and owners. The transformation that has been taking place in eligible areas in Baltimore has seen this pattern. Nearly three quarters of renters and more than a quarter of homeowners have moved into their residences since 2010. Both of those “new arrival” rates are greater than the rest of the city.





Impacts

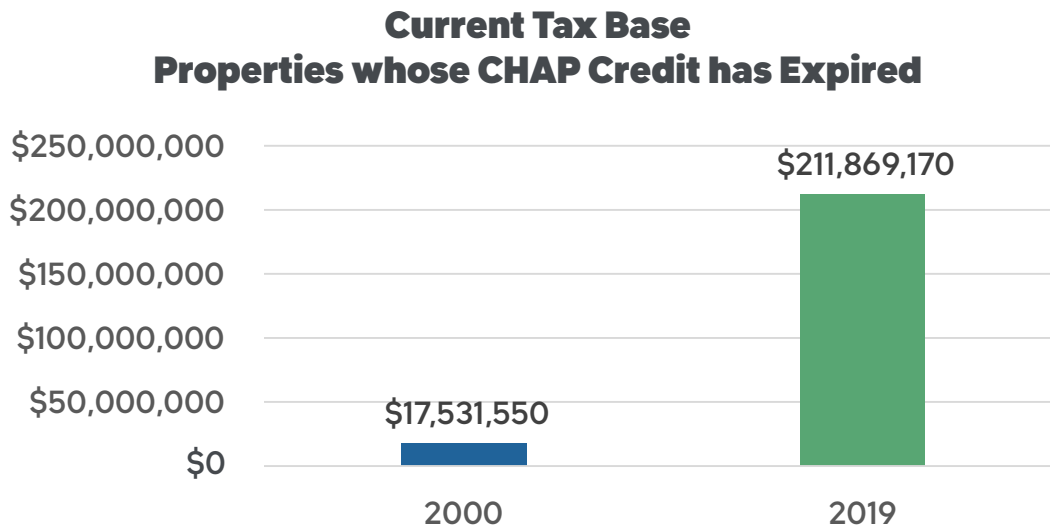
The CHAP credit is calculated based upon the difference between the pre- and post-appraisal values. Appraisals are based not only upon visual inspection and physical aspects of the home, but also upon recent sales of similar properties. This means that in a city like Baltimore, where basically the same rowhome could exist in two neighborhoods—both property owners could spend \$100,000 restoring the property—but due to the comparable properties around it, one could increase more in value. In Baltimore, the market strengths vary greatly between neighborhoods and therefore the majority of permit activity, market strength, and tax credit use are clustered.¹² While the CHAP credit can only be used in eligible areas that cover only 20% of the city land area, the impacts are felt citywide.

To specifically measure those impacts, this analysis of the CHAP credit attempts to answer the following questions: What is the tax value generated by CHAP projects after they become fully taxable? What is the “halo” effect experienced by properties near those projects? How many jobs are created through the CHAP credit by private sector investment? How does the CHAP credit meet the “if-then” test? How soon does the city recovers the costs to implement the program?

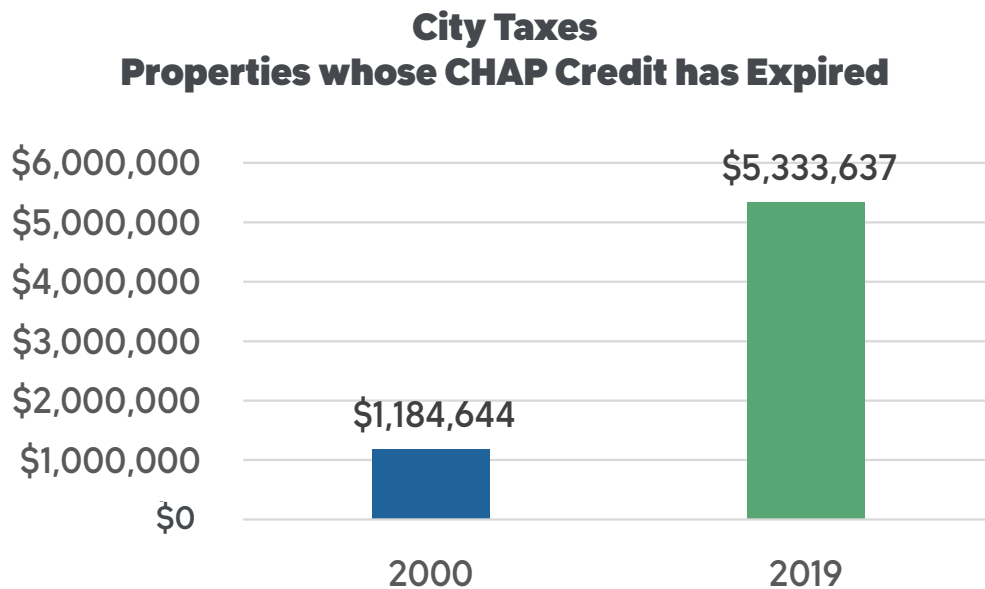
Overall, the results of this analysis show that the improvements to properties that received the tax credit do substantially increase the appraised value of the property and therefore increase the tax revenue. But the impacts do not stop there. The CHAP projects have a catalytic impact on the construction activity happening around them resulting in a demonstrable property value premium in the immediate vicinity, deemed the “halo effect.” This produces additional tax revenue to the city through job creation and the incremental property tax revenue. All combined, these fiscal benefits far outweigh the \$10 million dollar a year cost to the city.

Properties Becoming Fully Taxable

To quantify how much the CHAP project properties increased in value after the investment took place, an analysis of CHAP credit projects finished prior to 2010 was completed. As of 2019, there are 597 properties which utilized CHAP tax credits that are now back on the rolls as fully taxed assets, generating significant revenues for the City of Baltimore. These properties completed their renovations between 1997 and 2009, so their 10-year credit has now expired. These properties have seen their base value increase from \$17 million to \$211 million, illustrating that the investments did increase the properties' appraised value.



These properties where the 10-year credit has already expired also increased in tax value from \$1.1 million to \$5.3 million, adding to city coffers.



Looking forward, over the next nine years an additional 2,366 properties¹³ which have been receiving the CHAP credit will come back online as fully taxable properties.¹⁴ The value of these properties has more than doubled from \$374,397,931 in 2010 to \$762,332,000 in 2019. The table below gives the additional taxes the city will receive each year as these credits expire. Over those years the City of Baltimore will receive more than \$43 million in additional tax revenues from these properties.

Returns to the City – Additional Taxes from Expiring CHAP Credit Projects	
Year	Additional Taxes
2021	\$388,881
2022	\$945,615
2023	\$1,684,452
2024	\$2,582,566
2025	\$3,949,582
2026	\$6,215,169
2027	\$7,886,457
2028	\$9,415,886
2029	\$10,381,763
TOTAL	\$43,450,371

The results of this tax base and tax revenue analysis show that the private sector investments made to historic properties through the CHAP credit are indeed increasing the appraised value, tax base, and tax revenue collected by the City of Baltimore.

¹³ These are projects that received a final certification from CHAP between 2011 and 2019.

¹⁴ These calculations assume both property values and effective tax rate remain constant between 2021 and 2029.

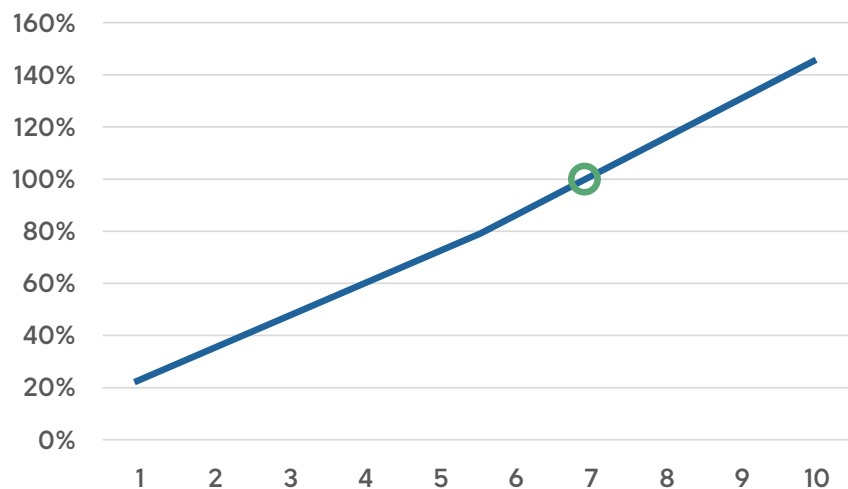


Tax Credit Project
Photo by CHAP

Foregone Taxes Recovered

Under the CHAP credit program, the City of Baltimore provides a property tax credit for ten years. When that time period has expired, the property comes back on the tax rolls at its full taxable value. Obviously, the property is now worth much more than it was prior to the renovation. So how long does it take for the city to retrieve the forgone revenue for ten years? Based on the pattern of values of properties whose credits have expired, in just over 7 years the city recoups the amount of the 10-year tax credit.

Taxes Recovered, 10 Years after Credit Expires

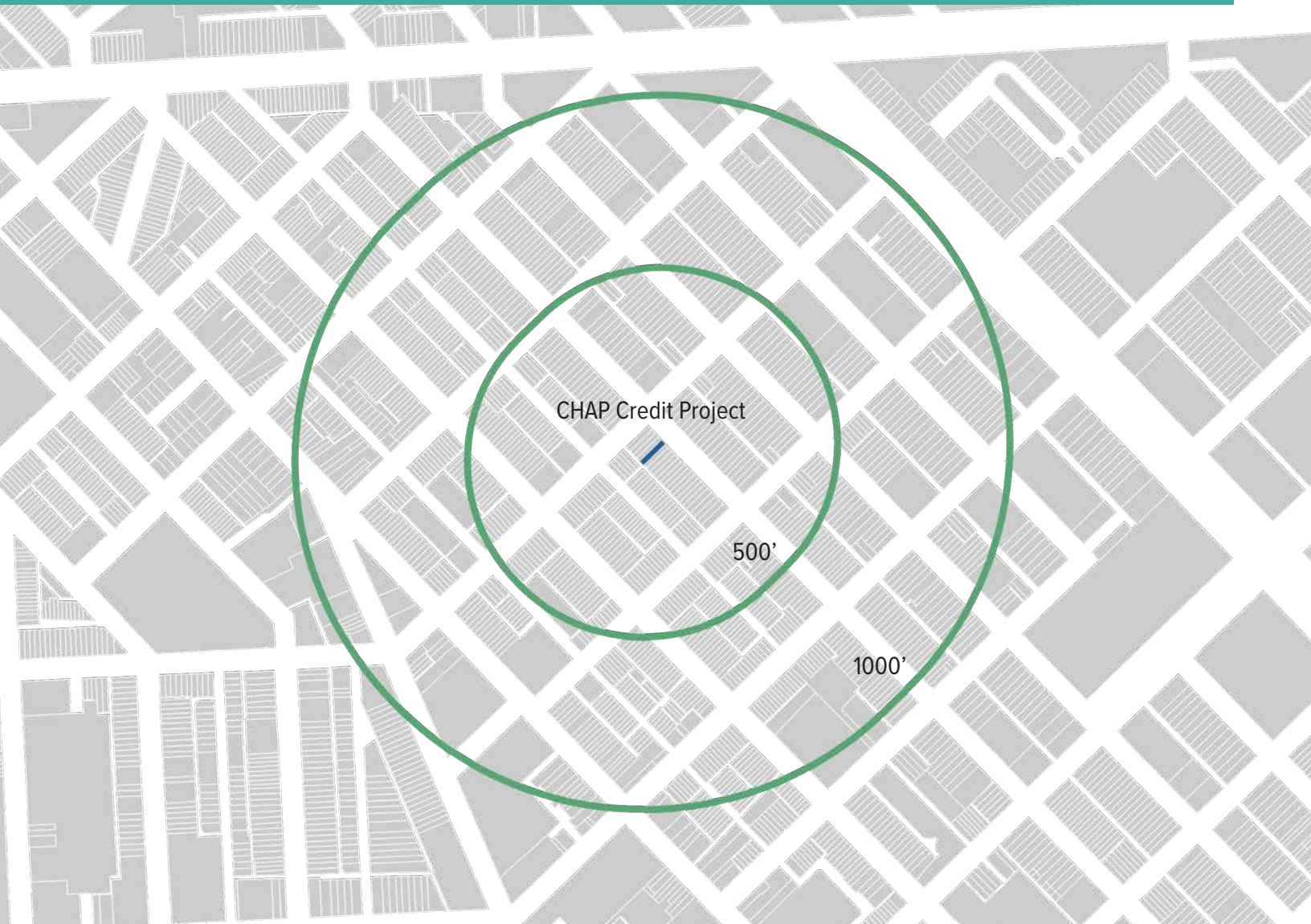


The Halo Effect – Property Values

The City of Baltimore certainly benefits when properties that have received the CHAP credit come back on the full tax rolls at a much higher value. But that is not the only property tax benefit increase received by the city. There is a pattern of property value enhancement, a “halo effect,” in the areas immediately surrounding the projects that received the credit.¹⁵

This study looked at property values within 500 feet of CHAP credit projects and compared their change in value over time with properties more than 500 but less than 1000 feet from CHAP projects. The premise of this approach is that property values may well benefit when improvements are made to nearby properties. The 500- and 1000- foot “circles” around the projects mean they are both near enough to be affected by historic building rehabilitation and are subject to the same positive or negative value influences in their immediate area. This analysis was limited to residential properties as commercial property values and their immediate areas are likely to be driven by many factors unrelated to improvements to proximate properties.

¹⁵ See Appendix 3 - Use of Assessment Data as Proxy for Property Values.



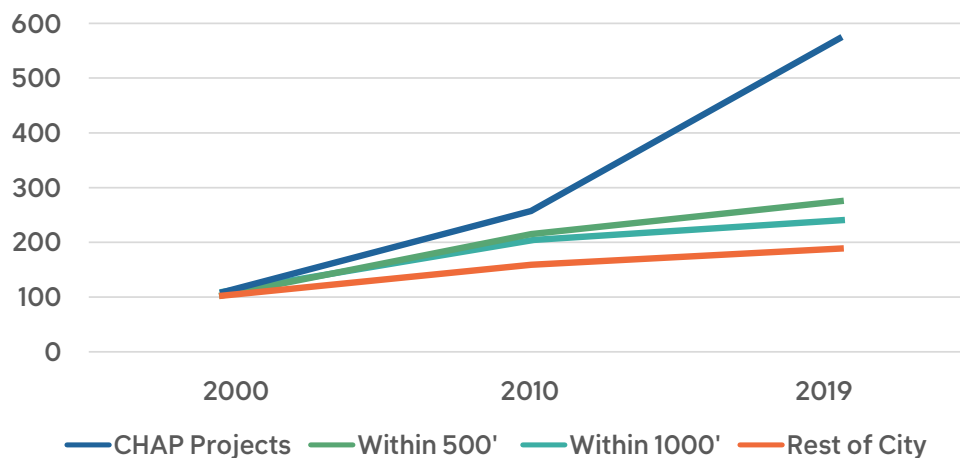


1200 Gay Street, Tax Credit Project
Photo by CHAP

One way to compare quantities of different sizes over time is to “index” the amounts. For this report, the average values of residential properties were indexed, assigning the 2000 Current Cash Value amount as 100 for each of four categories: 1) properties that used the CHAP credit; 2) properties within 500’ of the CHAP projects; 3) properties between 500’ and 1000’ of the CHAP properties; and 4) the rest of the city.

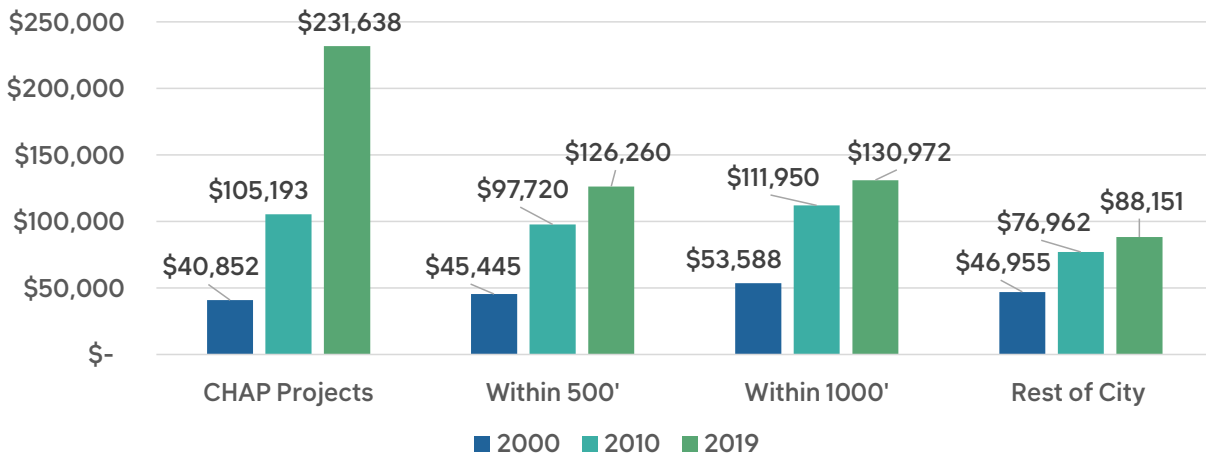
By indexing it is easy to see the relative change in value over time in the four categories. As can be seen below, the biggest rate of change was in the CHAP projects themselves; no surprise as each of them have undergone significant renovation. But the properties both in the 500’ and the 1000’ distance from the CHAP projects outperformed the rest of the city in value increase over the 19-year period.

Average Change in Residential Value 2000 Value = 100



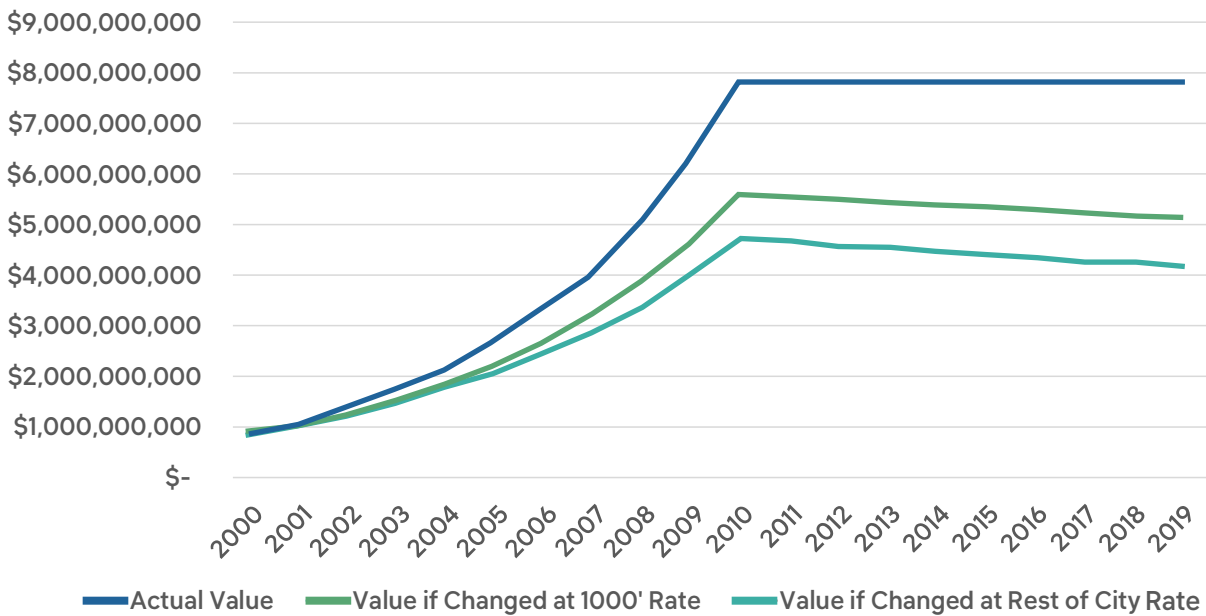
This halo pattern also emerges in the average value of individual properties. In 2000, properties that ultimately were renovated and received the CHAP credit had an average value of slightly less than \$41,000 before renovation, an average lower than properties within a 500' distance, lower than properties between 500' and 1000' away, and lower than the rest of the city. By 2019 and after historic renovation, these properties have become the highest average value of the four geographic regions. Properties within the 500' buffer saw a greater rate of change in value than between 500' and 1000'. Both those buffers increased in value more than the rest of the city. It should be noted that there are neighborhoods in Baltimore with very expensive homes, averaging considerably above the \$231,000 average of CHAP project houses. But when the expensive houses are averaged with lower cost housing in other neighborhoods, the rest of the city average is considerably less.

Average Value Residential Properties



As the graph on the following page illustrates, the value of properties within 500' of CHAP credit projects are today worth more than \$7.5 billion (blue line). Had the aggregate value of those properties only increased at the rate of the properties between 500' and 1000' of CHAP projects, their value would instead be \$5.2 billion (red line). Again, that value increase in the immediate area of the CHAP projects comes from property appreciation, renovation of properties not using the CHAP credit, additions to existing housing, and in some instances new construction. But the point is, the areas around the CHAP projects have become attractive for purchase, for property improvement, and for new investment. All of those mean additional property tax revenue for the City of Baltimore.

Value of Residential Properties within 500' of CHAP Projects



Because of this greater incremental rate of aggregate property value growth, the delta between the blue and red lines, the City of Baltimore is receiving an additional \$55 million more in taxes each year than it would have received if the value of properties closest to the CHAP projects had only increased at the rate of the properties 500' to 1000' feet away.¹⁶

Of course, there are more factors than just the CHAP projects that have catalyzed this accelerated change in property value. If as little as 20% of this incremental value is attributable to the CHAP credit projects, the increased share of tax revenues, not including from the CHAP projects themselves, exceed \$10 million a year, which is still more than is foregone each year in the CHAP credit itself.

¹⁶ It should be noted that while the graph shows a relatively straight line between 2000 and 2010, that was not the case. Because the Great Recession happened in that decade, property values were very volatile, going both up and down and then up again over that ten-year period. The report only looked at the 2000, 2010, and 2019 data since that was sufficient to identify major trends. This resulted, however, in a change of value curve that, while accurate at the data capture years, somewhat misrepresents the value points in any interim year. This does not alter the conclusions, however, as the pattern stemming from the 2000, 2010, and 2019 data points were all that was considered in the analysis.

All of the data above considers the halo effect reflected by the aggregate property value change from all the CSAs which had CHAP projects sorted by the 500' and 1000' buffer areas and the rest of the CSA. But this can also be measured looking at CSAs on an individual basis. For this analysis, four representative CSAs were selected, one each in the “high use”, “moderate use”, “low use” and “very low use” intensity categories. The table below shows the external impacts the CHAP projects have had.

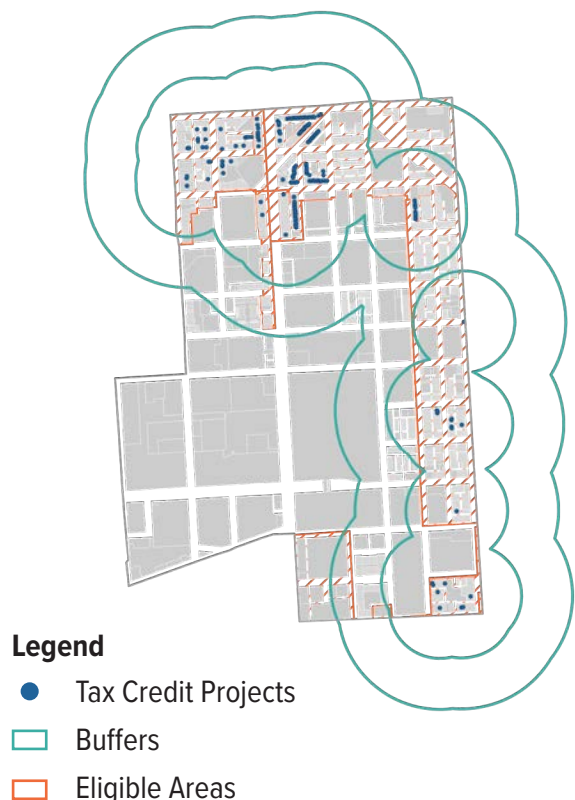
Examples of the Halo Effect 2000 - 2019 Change in Value				
CSA	Use Intensity	500'	500' to 1000'	Rest of CSA
Perkins/Middle East	High	+468%	+145%	+11%
Penn North/Reservoir Hill	Moderate	+228%	+133%	+87%
Medfield/Hampden/Woodberry/Remington	Low	+154%	+149%	+88%
Sandtown-Winchester/Harlem Park	Very Low	+60%	+65%	+41%

What is evident is that the greater the intensity of use of the CHAP credit, the greater the impact on values in nearby parts of the neighborhood. But in every instance the change in value within the two buffer areas was greater than the change in the rest of the CSA.

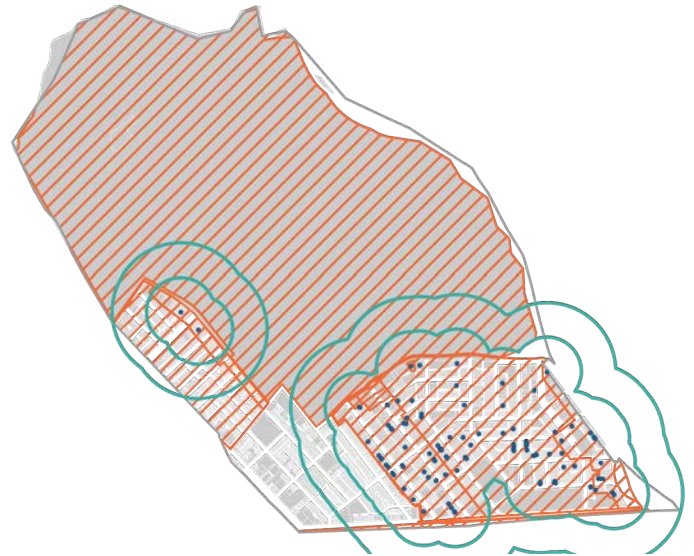
Perkins/Middle East (High Use)



Photo by Elvert Barnes via Flickr. Licensed

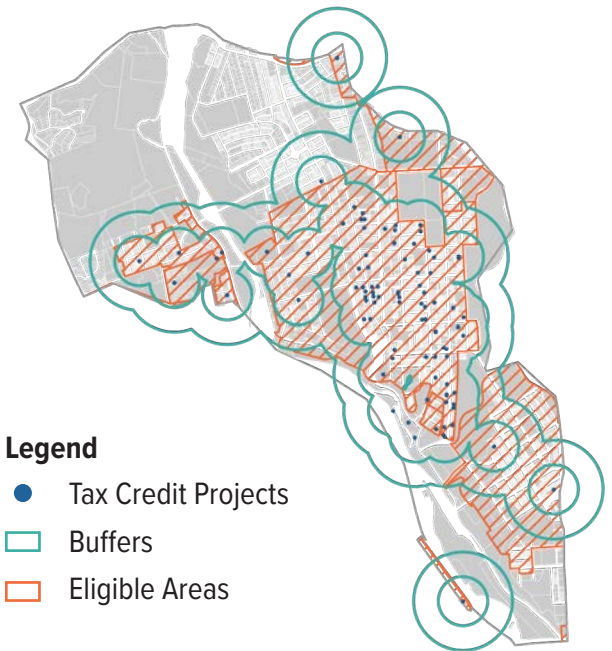


Penn North/Reservoir Hill (Moderate Use)



Medfield/Hampden/Woodberry/Remington (Low Use)

Photo by Eli Pousson via Flickr, [Licensed](#)



Legend

- Tax Credit Projects
- Buffers
- Eligible Areas

Sandtown-Winchester/Harlem Park (Very Low Use)

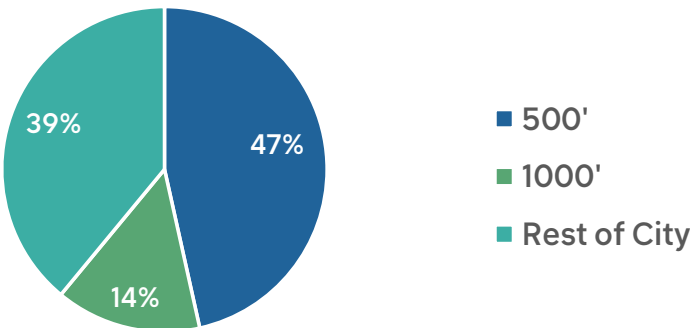
Photo by Baltimore Heritage



Permits

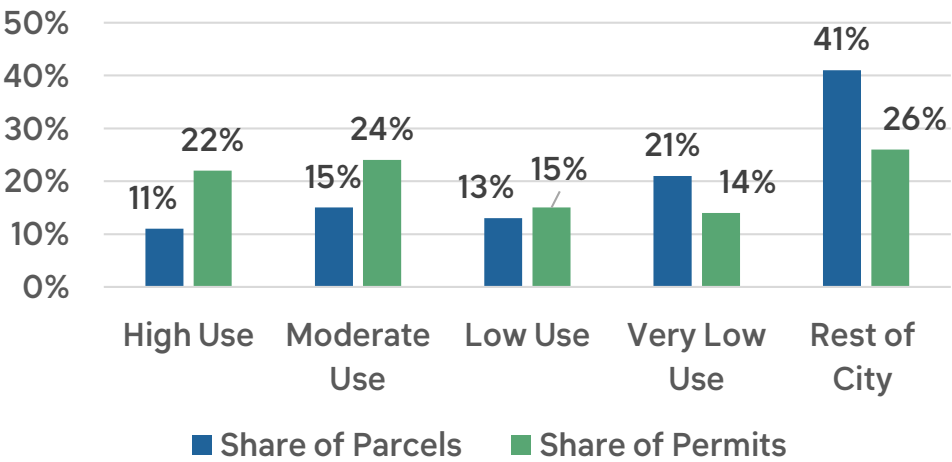
As was previously stated, one impact of the CHAP credit was that success led to more success. A completed rehabilitation is a huge visual and financial confidence boost in the market. This pattern is especially observed with building permit activity. Between 2002 and 2019, building permits for residential and mixed-use projects in Baltimore totaled \$3.356 billion in value. But a disproportionate share of that amount was invested in and around CHAP credit projects. Forty-six point five percent of residential and mixed use construction activity fell within 500' of CHAP projects.

Building Permit Activity



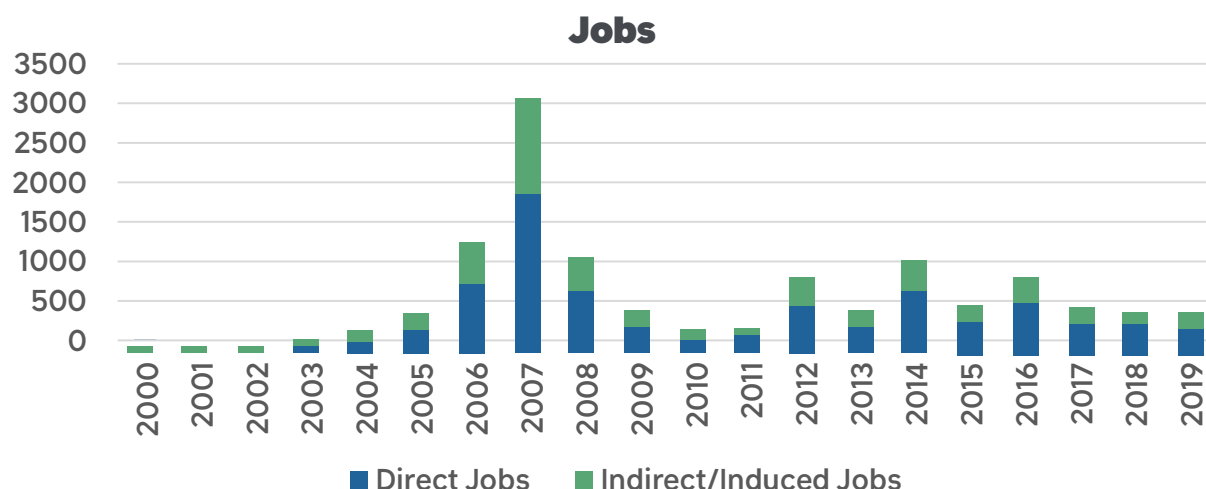
When the share of parcels is compared to the share of building permits over the 17-year period, the revealed preference of the marketplace for areas with a high concentration of historic properties becomes all the more apparent. The CSAs that fell into the High Use of the CHAP credit category only constitute 10.6% of the parcels in the city, but were the location of 21.5% of all building permits issued. The parts of the city with no use of the CHAP credit are more than 40% of the parcels by number, but saw only 26.2% of all building permits.

Share of Building Permits by Use Intensity

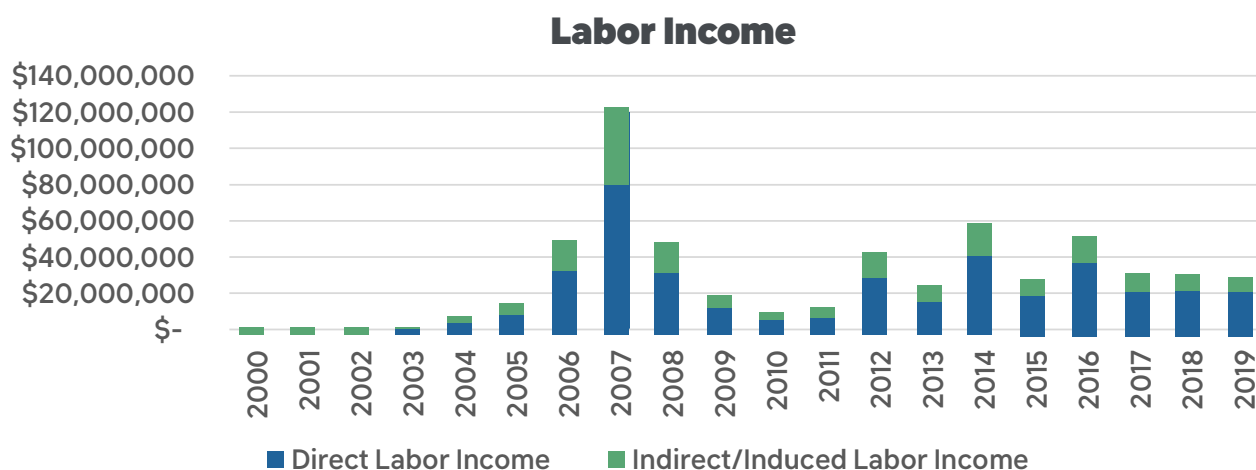


Jobs Created from Investment

When more than \$1.2 billion is invested in Baltimore, jobs are created. The annual number of jobs goes up and down depending on overall activity, with the highest number of jobs created in 2007--the biggest year for CHAP credit use. Over the last five years an average of 591 jobs (396 direct jobs, 195 indirect and induced jobs) were created through the work done on CHAP credit projects.¹⁷



And those jobs have paychecks. Over the lifetime of the CHAP credit program, more than \$600 million has been paid out as a result of those projects.¹⁸



In each of the past five years, an average of nearly \$36 million a year in labor income (\$25,502,000 direct; \$10,276,000 indirect and induced) has been paid to local workers because of the CHAP credit projects. The conclusion is this: The investment made through the CHAP credit is a significant generator of local jobs and income.

¹⁷ "Direct jobs" are those within the segment of the construction industry. A carpenter working on a CHAP project is a "direct job." "Indirect jobs" are those which provide goods or services to the industry. So, a worker at a lumber yard cutting 2x4s for the project is an "indirect job." "Induced jobs" are those made possible because of the payroll created in the construction industry. The carpenter takes her paycheck and buys groceries and a membership at the gym. Each of those expenditures creates part of a job which was "induced" because the contractor employed the carpenter. A "job" is a one-year, full-time equivalent job. Therefore, two carpenters each working half a year would constitute one full-time equivalent job.

¹⁸ These are the jobs and paychecks generated within Baltimore County, including the City of Baltimore.

The “But For” Test and Returns to the City

There is a principle in economic development called the “but for” test. Incentives are to be judged in this fashion: The action of the private sector entity would not have happened, “but for” the incentive. The concept is easier to define than to measure. While the “but for” test is difficult if not impossible to do in the absolute, the strongly differentiated patterns of investment within and without eligible areas strongly suggest the CHAP incentive was a key element in making the projects financially feasible.

Instead of trying to pinpoint an exact percentage of the projects that would have met the “but for” test, this analysis approached the question somewhat differently, using an “if/then” approach. A model, displayed in the table below, was created that looked at 20 years of tax collections with and without the CHAP credit being available. At one extreme the assumption was that 100% of the projects would have happened even with no incentive and at the other end, no projects would have occurred without the incentive. By calculating the tax collections over the 20-year period, it was then possible to evaluate the share of the projects that met the “but for” test in order for the city to receive at least as much money as properties currently using the CHAP credit provided.

If all (100%) of the projects required the credit to happen, the city would receive \$132.53 for every \$100 in CHAP credit or a net gain of \$32.53. If none (0%) of the projects needed the credit to happen (in other words, would have happened even if there were no credit), the city’s property tax collections over the 20 years would be just \$65.08 for every \$100 of CHAP tax credit awarded or an effective “loss” of \$34.92. The break-even point is 51.7%. That is to say, if at least 51.7% of the projects would not have happened without the credit, (i.e. at least 51.7% met the “but for” test) the City is getting a positive return from its tax credit investment.

<i>If</i> the Share of Projects that Would <i>Not</i> Have Happened without CHAP Credit was	<i>Then</i> 20-year return to the City would be X for every \$100 of CHAP Credit provided	<i>Therefore</i> , the gain or (loss) to the City over 20 years would be
100%	\$132.53	\$32.53
90%	\$125.79	\$25.79
80%	\$119.04	\$19.01
70%	\$112.30	\$12.30
60%	\$105.55	\$5.55
50%	\$98.80	(\$1.20)
40%	\$92.06	(\$7.94)
30%	\$85.31	(\$14.69)
20%	\$78.57	(\$21.43)
10%	\$71.82	(\$28.18)
0%	\$65.08	(\$34.92)

While it is impossible to definitively “prove” that half or more of the projects would not have been completed without the CHAP credit, the patterns of investment within and outside of eligible areas, the disproportionate share of rehabilitation projects in the city that used the CHAP credit, and the existence of an active redevelopment market within a generally static market all suggest that the vast majority of these projects would not have occurred without the CHAP credit. This becomes even more evident when the activity in the Great Recession is considered (see sidebar).

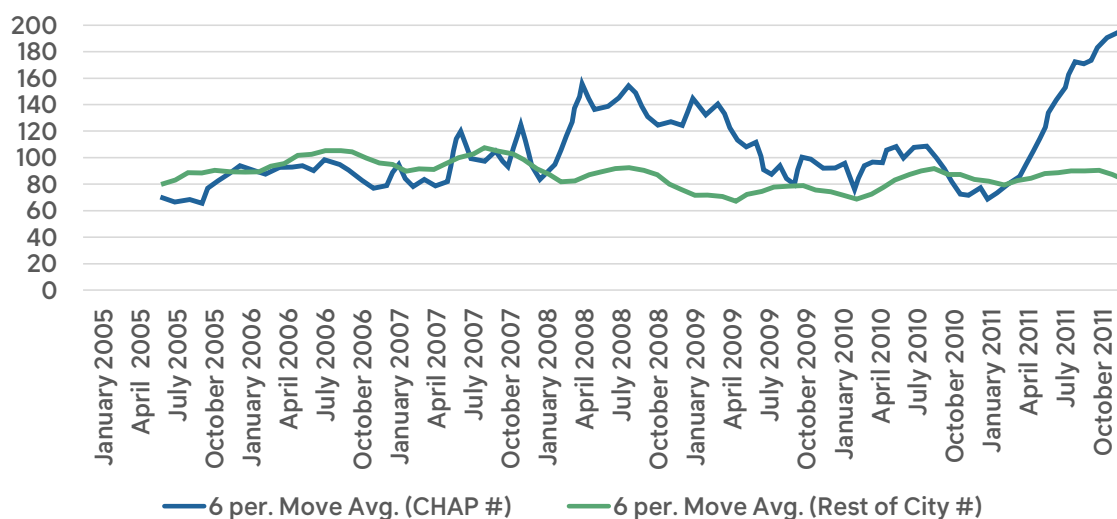
CHAP Activity in the Last Recession

In the midst of the coronavirus crisis, few predictions of what will happen to the economy in the next few years are given with certainty. Most experts in residential real estate are noting that both listings and sales have fallen considerably since the beginning of March, but whether that pattern will continue, or housing prices will fall, or what will be the availability of mortgage money is still uncertain. What is already apparent, however, is that unemployment rates continue to rise, Gross Domestic Product will decline, and nowhere will be spared an adverse economic impact of the virus.

Both the causes and the effects of this recession are significantly different than the Great Recession which officially ran from December 2007 until June 2009. So to look at the last major recession, during which the real estate market was a major victim, may not be a useful predictor of what will happen over the next several months. However, data from the last recession does indicate that: 1) activity using the CHAP credit was counter-cyclical to the down market; and 2) that clearly the “but for” test of the credit was met for most of the projects that took place.

For this report an analysis was made of the building permits¹⁹ issued by the City of Baltimore for the 24 months prior to the beginning of the recession; during the period of the recession; and the 24 months following the recession. The results are dramatic. In the two years prior to the recession, the pattern of CHAP projects and the pattern of building permits issued followed a generally consistent path. At the start of the recession, however, overall permit activity went down, while CHAP projects increased. This significant spread of activity lasted the length of the recession when the two measures of activity resumed their previous similar pattern. This continued for 18 months after the end of the recession, at which point the CHAP projects increased while the issuing of building permits remained flat. The conclusion of this data is that developers and owners using the CHAP credit continued their activity while the rest of the market slowed down significantly. In other words, but for the CHAP credit, it is unlikely that this additional activity would have been undertaken.

Building Permit Activity 100=Average Number of Permits per Month, Two Years Pre-Recession



¹⁹ Residential building permits. Not included in the count were permits, such as use permits that did not represent an investment, and all permits issued for less than \$1000.

Conclusion

The Baltimore City Tax Credit for Historic Restorations and Rehabilitations does exactly what it was created to do – encourage property owners to invest in their historic buildings. That has happened more than 3,500 times representing private investment in Baltimore of nearly \$1.2 billion.

But the program has had an impact far beyond those 3,500 historic structures. Jobs have been created. Surrounding property values have increased significantly. Tax revenue has been generated, not just the amount from the CHAP credit projects themselves, but through investment in close proximity. Now that the credits are expiring on some properties, millions of new tax dollars are flowing to city coffers.

The neighborhoods within which the CHAP credit projects have been undertaken have become neighborhoods of choice for homeowners, renters, investors, and newcomers to the city.

The Tax Credit for Historic Restorations and Rehabilitations is not just an effective tool for historic preservation, but a community development tool to help Baltimore to grow and prosper as one of the great American legacy cities.



Appendix 1 - Activity by Community Statistical Area

	Community Statistical Area	Number of HTCs	% of Total Parcels Eligible	% of Eligible Parcels with HTC
High Use				
	Perkins/Middle East	182	73.22%	11.93%
	Midtown	329	97.00%	11.45%
	Canton	392	99.95%	10.13%
	Southeastern	5	2.05%	10.00%
	Patterson Pk N&E	635	99.83%	9.57%
	Fells Point	345	99.42%	9.21%
	Highlandtown	308	98.57%	8.77%
Moderate Use				
	Cross-Country/Cheswolde	2	1.50%	6.45%
	South Baltimore	194	92.19%	6.20%
	Inner Harbor/Federal Hill	251	79.64%	6.17%
	Downtown/Seton Hill	60	76.44%	5.50%
	Jonestown/Oldtown	43	38.74%	5.23%
	Penn North/Reservoir Hill	102	65.69%	4.80%
	Mt Washington/Coldspring	8	9.59%	4.79%
	Poppleton/The Terraces/Hollins Mkt	54	50.38%	4.51%
	Dickeyville/Franklintown	9	49.08%	3.38%
	Greater Charles Vill./Barclay	91	63.32%	3.37%
	Greater Roland Pk/Poplar	31	51.63%	2.97%
	Southwest Baltimore	61	23.54%	2.65%

Low Use				
	Washington Village	51	84.71%	1.89%
	Madison/East End	68	99.95%	1.75%
	Medfield/Hampden/Woodberry/Reminton	96	73.96%	1.73%
	Greenmount East	91	94.41%	1.65%
	North Balto./Guilford/Homeland	37	76.08%	1.22%
	The Waverlies	8	23.39%	1.14%
	Upton/Druid Hts	36	92.12%	1.08%
Very Low Use				
	Orangeville/E. Highlandtown	4	11.43%	0.82%
	Beechfield/Ten Hills/West Hills	4	13.91%	0.79%
	Southern Park Heights	5	18.38%	0.54%
	Northwood	2	10.28%	0.40%
	Belair-Edison	1	5.15%	0.29%
	Lauraville	6	46.43%	0.27%
	Dorchester/Ashburton	2	25.41%	0.21%
	Sandtown-Winchester/Harlem Pk	7	66.74%	0.14%
	Clifton-Berea	3	89.76%	0.06%
No Use				
	Allendale/Irvington/S. Hilton	0	0.00%	0%
	Brooklyn/Curtis Bay/Hawkins Pt	0	0.00%	0%
	Cedonia/Frankford	0	0.00%	0%
	Cherry Hill	0	0.00%	0%
	Chinquapin Pk/Belvedere	0	0.00%	0%

	Claremont/Armistead	0	0.00%	0%
	Edmondson Village	0	0.00%	0%
	Forest Pk/Walbrook	0	0.00%	0%
	Glen-Falstaff	0	0.00%	0%
	Greater Govans	0	10.16%	0%
	Greater Mondawmin	0	0.00%	0%
	Greater Rosemont	0	21.03%	0%
	Hamilton	0	0.00%	0%
	Harford/Echodale	0	0.00%	0%
	Howard Pk/W.Arlington	0	0.00%	0%
	Loch Raven	0	0.00%	0%
	Midway/Coldstream	0	32.16%	0%
	Morrell Pk/Violetville	0	0.00%	0%
	Pimlico/Arlington/Hilltop	0	0.00%	0%
	Westport/Mt Winans/Lakeland	0	0.00%	0%

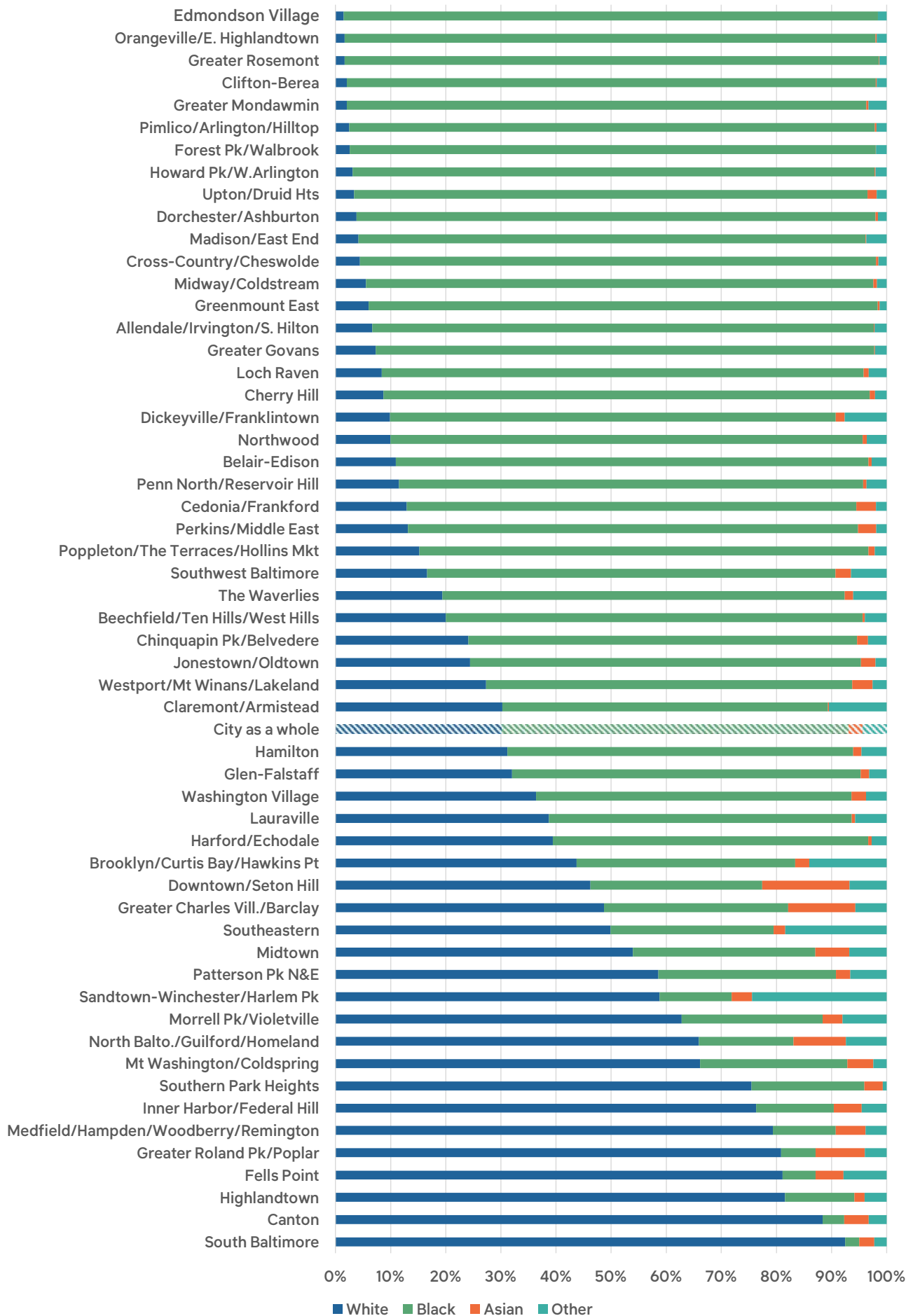
*Bold indicates a CSA in which there is an eligible area, but no CHAP credit projects have taken place.

Appendix 2 - Demographic Profile of Eligible Areas

Race

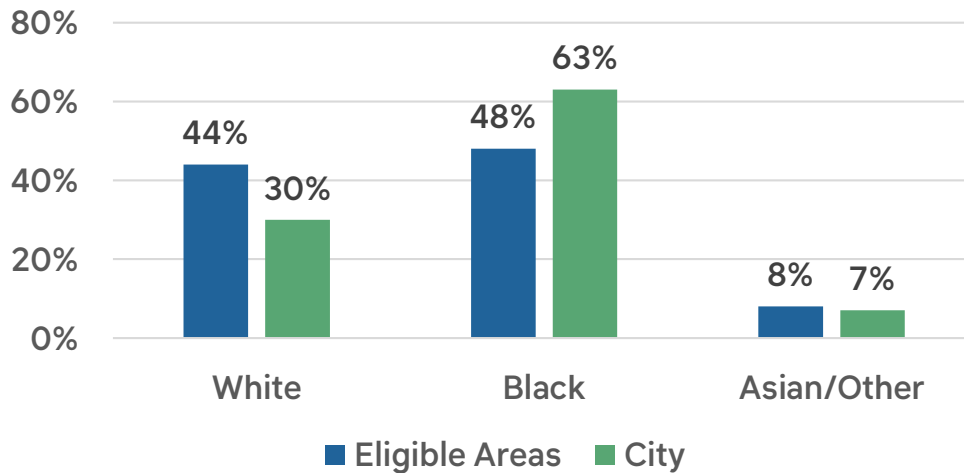
Baltimore is a diverse city with an overall population that is 30.3% white, 62.8% black, and 6.9% Asian and Other. That distribution varies widely from neighborhood to neighborhood, however. Of the CSAs with properties eligible for the CHAP credit, some are nearly all white and others nearly all black. However, as a whole, these CSAs reflect the racial distribution of the city, with half of the 38 CSAs with eligible properties having a greater white share of the population than the city as a whole and half having a greater black share than the city as a whole.

Racial Distribution in CSAs with Eligible Properties



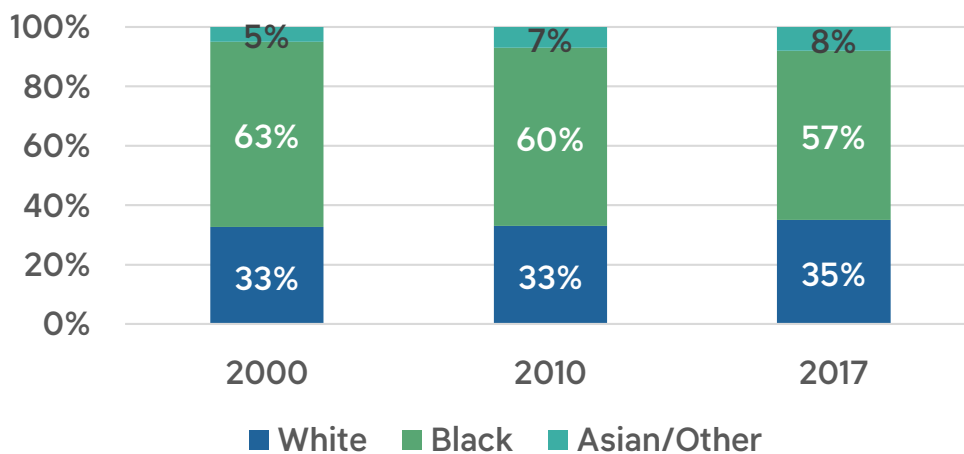
When only considering eligible areas within the CSAs however, there is a greater share of white population. The black population, while still a plurality of the population, is not a majority on an aggregated basis.

Racial Distribution



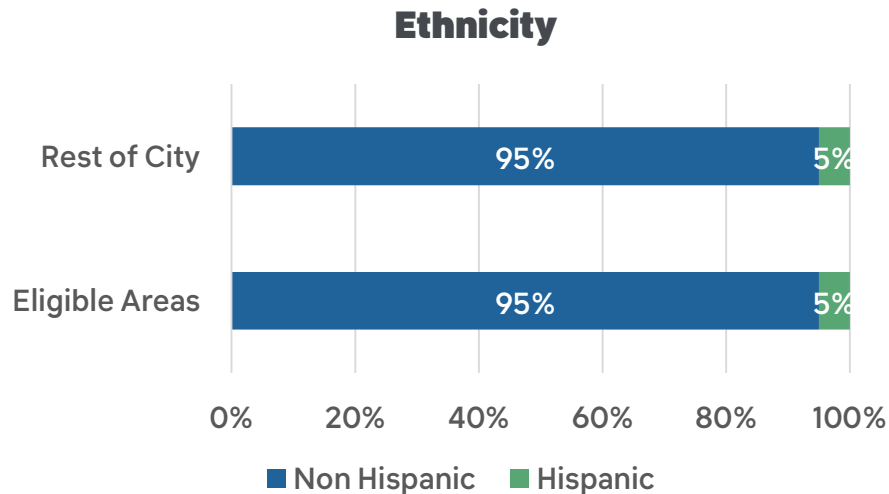
Over the time that the CHAP credit has been available, there has been a nominal change in the racial composition of CSAs that have eligible properties. There has been a slight increase in the white share of the population, a slight decrease in the black share, while the biggest rate of change has been among the Asian and Other portion of the population.

Racial Distribution CSAs with Eligible Properties



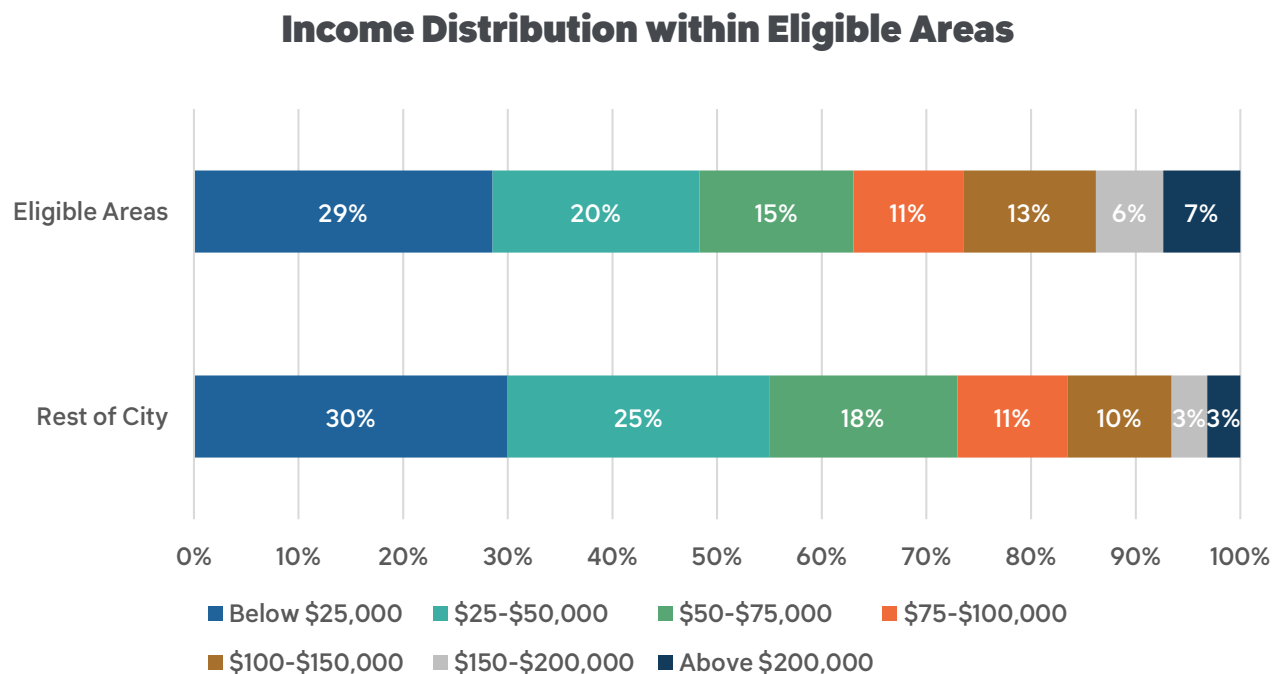
Ethnicity

Overall, eligible areas mirror the rest of the city and the city as a whole in the share of Hispanic population.

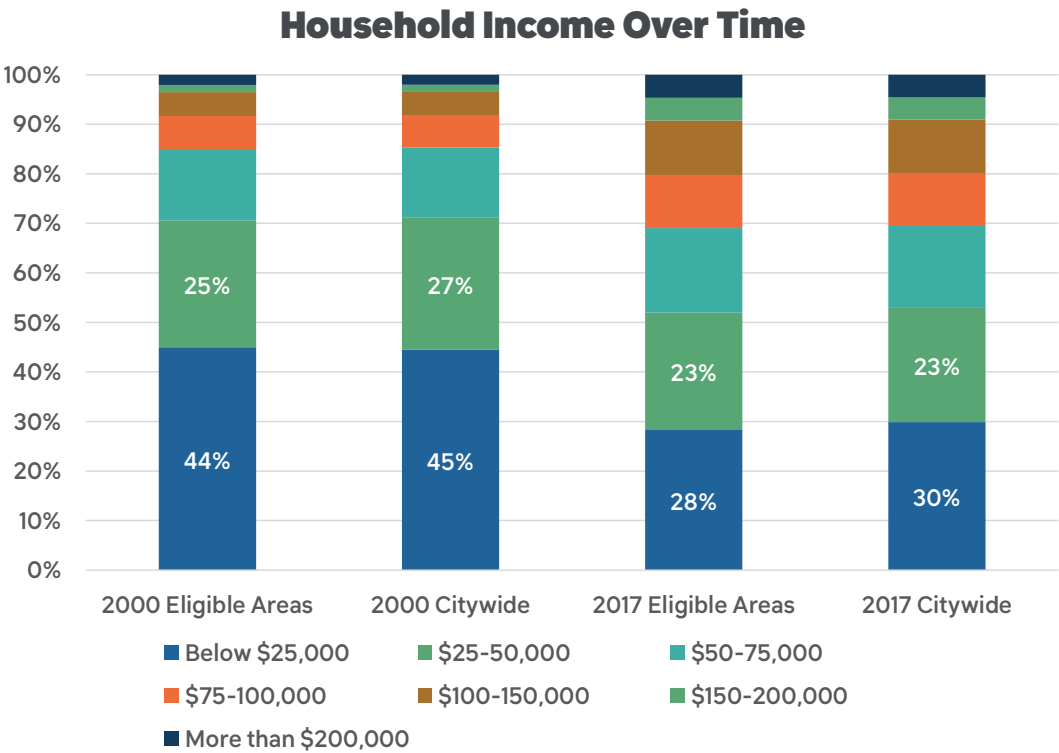


Income

While there is a higher share of higher income households in eligible areas (26.5% with incomes greater than \$100,000 vs. 16.5% of households in those income brackets in the rest of the city), the share of the population at the other end of the income spectrum (less than \$25,000) is essentially the same for eligible areas (28.5%) and the rest of the city (30.0%).



When looking at the change in household income status between 2000 and 2017, the share of higher end incomes has increased at a greater rate in eligible areas than in the rest of the city. However, the households at the lower end of the income range changed at essentially the same rate in the eligible areas as in the rest of the city.



Appendix 3 – Use of Assessment Data as Proxy for Property Values

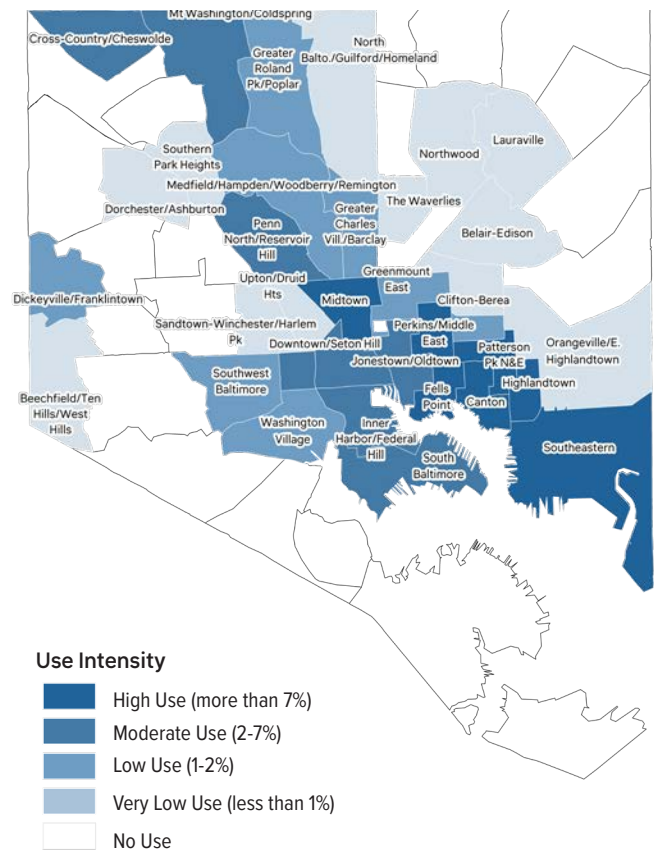
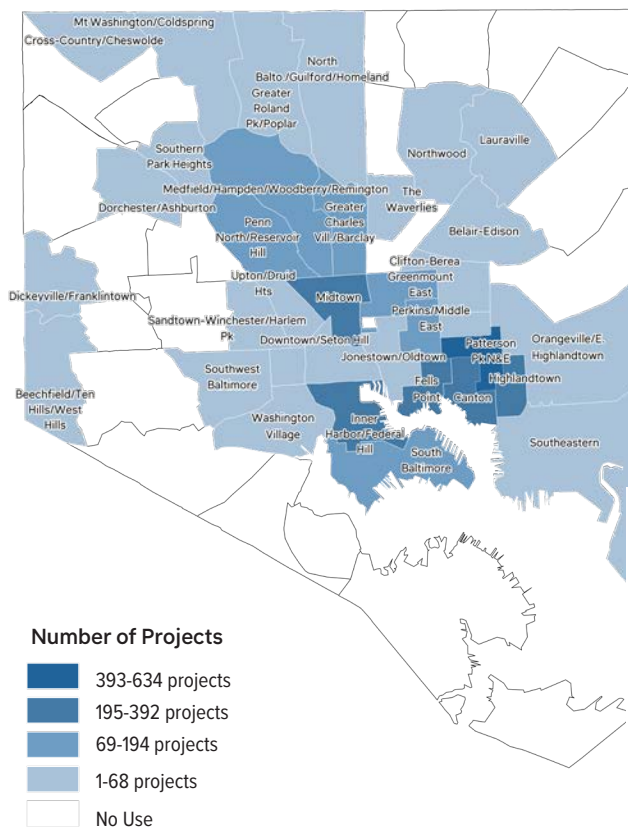
For this report the assessment records for every property in Baltimore was included in the analysis. The records included were from 2000, 2010, and 2019. Information within these records that was used included: address of the property; “Current Cash Value” for each of the examined years; address and age of the property; use category; and other variables. Further, this information was aggregated into Community Statistical Areas (CSAs) and was used to map both the eligibility and the use of the CHAP credit. Additionally, value estimates from the assessment data were aggregated into areas within 500’ of CHAP projects, between 500’ and 1000’ of CHAP projects, and the rest of the CSA. Most significantly, the assessment Current Cash Value estimates were used to measure relative change in value over time. These property value estimates within the assessment data are, at best, an imperfect proxy for value. To rely on these estimates for any given property as the definitive statement of value would often be a mistake. This is not a critique of either individual assessors who make those estimates nor the assessment process itself. Rather it is important to keep in mind that the major goal of property assessments for tax purposes is “equalization” rather than using formal appraisal methods that would be expected for bank lending purposes, for example. The priority is to try to assure that two properties of equivalent value are taxed the same, hence the concept of “equalization.” In fact, in many jurisdictions around the United States the officer in charge of the assessment process is called the Director of Equalization. Furthermore, assessments are nearly always lagging the market, so changes in value, either up or down, often would be reflected in the Current Cash Value estimate for one or two or three years after the market has acted.

Additionally, when the values of thousands of properties are aggregated within a geographic area, changes in value include multiple variables beyond just the market driven appreciation or depreciation of any given properties. Included within the aggregate value change within an area would be: new construction, renovation, additions, all adding value. Also factors such as demolitions, fire or other natural damage, deferred maintenance, and other negative variables could reduce aggregate value. So when a table or a graph seems to reflect, “properties in this area increased by x%” it is unlikely to be only because properties in that area appreciated. Rather it implies that the value of the whole area increased from a combination of the factors noted.

Why, then, with all these deficiencies, is the Current Cash Value from the assessment records used? Three reasons: 1) the data includes every parcel in the city; 2) the sheer size of the database means that any given property may be significantly in error as to market value without having a major statistical impact overall; and 3) when the primary goal is to indicate patterns of change rather than a precise value of any particular property, the overall movement of aggregated values constitutes a reliable proxy for relative values for this research.

Appendix 4: Methodology

This analysis was conducted at two scales. The largest scale looked at all eligible areas—local historic districts and National Register districts—compared to the rest of the city. This analysis allowed us to see how all areas with access to the credit have performed compared to areas where no credit activity was permitted. However, there is great diversity even among the eligible areas in demographics and intensity of credit use. Therefore, to take a more granular look at these differences, we conducted an analysis at the level of the Community Statistical Areas (CSAs). CSAs are clusters of neighborhoods that were combined along census tract boundaries. Of Baltimore's 55 CSAs, 38 contain eligible areas. These CSAs were categorized into five groups based on their intensity of tax credit use (percent of parcels that undertook a tax credit project).



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About PlaceEconomics

PlaceEconomics is a private sector firm with over thirty years experience in the thorough and robust analysis of the economic impacts of historic preservation. We conduct studies, surveys, and workshops in cities and states across the country addressing issues of downtown, neighborhood, and commercial district revitalization and the reuse of historic buildings.

This report was prepared and written by Donovan Rypkema, Briana Grosicki, Rodney Swink, Katlyn Cotton, and Alyssa Frystak. Rypkema is principal and founder of PlaceEconomics. Grosicki is Associate Principle at PlaceEconomics and handled research methodologies and data collection. Cotton is the Director of Marketing and Design at PlaceEconomics and handled graphic design. Frystak is a Research and Data Analyst, and handled data analysis. Editing was done by Alyssa Frystak and Rodney Swink. Swink is the Senior Associate for Planning and Development.

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PlaceEconomics

