



Legislation Details (With Text)

File #: 14-0359 **Version:** 0 **Name:** Tax Credits - Citywide High-Performance Market-Rate Rental Housing
Type: Ordinance **Status:** Enacted
File created: 4/7/2014 **In control:** City Council
On agenda: **Final action:** 8/7/2014
Enactment date: **Enactment #:** 14-278

Title: Tax Credits - Citywide High-Performance Market-Rate Rental Housing

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

Sponsors: City Council President (Administration)

Indexes: Rental Housing, Tax Credits

Code sections:

Attachments: 1. 14-0359 - 1st Reader.pdf, 2. BDC - 14-0359.pdf, 3. Planning - 14-0359.pdf, 4. Sustainability - 14-0359.pdf, 5. Real Estate - 14-0359.pdf, 6. Law - 14-0359.pdf, 7. Finance - 14-0359.pdf, 8. HCD - 14-0359.pdf, 9. BOE - 14-0359.pdf, 10. 14-0359~3rd Reader.pdf, 11. 14-0359~Enr.pdf

Date	Ver.	Action By	Action	Result
8/7/2014	0	Mayor	Signed by Mayor	
7/17/2014	0	City Council	Approved and Sent to the Mayor	
7/17/2014	0	City Council	Approved and Sent to the Mayor	
6/23/2014	0	City Council	Advanced to 3rd Rdr., Adopted Comm. Report	
6/23/2014	0	Taxation, Finance and Economic Development Committee	Recommended Favorably	
6/9/2014	0	Taxation, Finance and Economic Development Committee	Scheduled for a Public Hearing	
4/10/2014	0	The City Council	Referred for a Report	
4/10/2014	0	The City Council	Referred for a Report	
4/10/2014	0	The City Council	Referred for a Report	
4/10/2014	0	The City Council	Referred for a Report	
4/10/2014	0	The City Council	Referred for a Report	
4/10/2014	0	The City Council	Referred for a Report	
4/10/2014	0	The City Council	Referred for a Report	
4/10/2014	0	The City Council	Referred for a Report	
4/10/2014	0	The City Council	Referred for a Report	
4/7/2014	0	City Council	Assigned	
4/7/2014	0	City Council	Introduced	

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

* WARNING: THIS IS AN UNOFFICIAL, INTRODUCTORY COPY OF THE BILL.
THE OFFICIAL COPY CONSIDERED BY THE CITY COUNCIL IS THE FIRST READER COPY.
INTRODUCTORY*

CITY OF BALTIMORE
COUNCIL BILL

Introduced by: The Council President
At the request of: The Administration (Baltimore Development Corporation)

A BILL ENTITLED

AN ORDINANCE concerning
Tax Credits - Citywide High-Performance Market-Rate Rental Housing

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

BY authority of
Article - Tax-Property
Section 9-242
Annotated Code of Maryland

BY recaptioning
Article 28 - Taxes
Section 10-17 {"High-Performance Market-Rate Rental Housing"}
to be
Section 10-17 {"High-Performance Market-Rate Rental Housing - Targeted Areas"}
Baltimore City Code
(Edition 2000)

BY adding
Article 28 - Taxes
Section(s) 10-18
Baltimore City Code
(Edition 2000)

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

Baltimore City Code

Article 28. Taxes

Subtitle 10. Credits

§ 10-17. High-performance market-rate rental housing - TARGETED AREAS.

....

§ 10-18. HIGH-PERFORMANCE MARKET-RATE RENTAL HOUSING - CITYWIDE.

(A) DEFINITIONS.

(1) IN GENERAL.

IN THIS SECTION, THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

(2) HIGH-PERFORMANCE.

“HIGH-PERFORMANCE” MEANS A HIGH PERFORMANCE BUILDING AS DEFINED IN STATE TAX-PROPERTY ARTICLE § 9-242.

(3) MARKET-RATE RENTAL HOUSING PROJECT.

“MARKET-RATE RENTAL HOUSING PROJECT” MEANS A MULTI-FAMILY DWELLING:

(I) THAT CONTAINS 20 OR MORE RENTAL UNITS; AND

(II) IN WHICH DWELLING, EXCEPT TO THE EXTENT SPECIFICALLY REQUIRED BY CITY CODE ARTICLE 13, SUBTITLE 2B {“INCLUSIONARY HOUSING REQUIREMENTS”}, NONE OF THE RENTAL UNITS ARE SUBJECT TO GOVERNMENTAL RESTRICTIONS ON THE AMOUNT OF RENT CHARGED OR ON THE TENANT’S INCOME LEVEL.

(4) NEWLY CONSTRUCTED OR CONVERTED.

“NEWLY CONSTRUCTED OR CONVERTED” MEANS A HIGH-PERFORMANCE MARKET-RATE RENTAL HOUSING PROJECT THAT:

(I) WAS EITHER:

(A) NEWLY CONSTRUCTED ON A VACANT LOT, CLEARED SITE, OR PARKING LOT; OR

(B) CONVERTED FROM A NON-RESIDENTIAL USE; AND

(II) FOR WHICH:

(A) THE COST OF THE CONSTRUCTION OR CONVERSION EXCEEDS \$60,000 PER RENTAL UNIT; AND

(B) A FIRST OCCUPANCY PERMIT FOLLOWING SUBSTANTIAL COMPLETION OF THE CONSTRUCTION OR CONVERSION IS ISSUED AFTER JANUARY 1, 2014, AND ON OR BEFORE JUNE 30, 2019.

(B) PROGRAM GOAL.

THE GOAL OF THIS PROGRAM IS TO HELP GROW BALTIMORE’S RESIDENTIAL POPULATION IN AN

ENVIRONMENTALLY SENSITIVE MANNER, BY ENCOURAGING THE CONSTRUCTION OR CONVERSION OF NEW HIGHPERFORMANCE MARKET-RATE RENTAL HOUSING PROJECTS.

(C) CREDIT GRANTED.

IN ACCORDANCE WITH STATE TAX-PROPERTY ARTICLE § 9-242, A HIGH-PERFORMANCE MARKET-RATE RENTAL HOUSING TAX CREDIT IS GRANTED AGAINST THE CITY PROPERTY TAX IMPOSED ON ELIGIBLE NEWLY CONSTRUCTED OR CONVERTED HIGH-PERFORMANCE MARKET-RATE RENTAL HOUSING PROJECTS.

(D) AMOUNT OF CREDIT.

(1) THE AMOUNT OF THE CREDIT SHALL EQUAL A PERCENTAGE, AS SPECIFIED IN PARAGRAPH (2) OF THIS SUBSECTION, OF THE DIFFERENCE BETWEEN:

(I) THE PROPERTY TAX LIABILITY THAT, BUT FOR THE TAX CREDIT, WOULD BE OWED FOR THE FIRST FULL TAX YEAR ON THE FIRST ASSESSMENT AFTER ISSUANCE OF AN OCCUPANCY PERMIT FOR THE COMPLETED PROJECT; AND

(II) THE PROPERTY TAX LIABILITY THAT WOULD HAVE BEEN OWED IF THE PROJECT HAD NOT BEEN UNDERTAKEN.

(2) THE CREDIT IS LIMITED TO THE FOLLOWING PERCENTAGES OF THE AMOUNT COMPUTED UNDER PARAGRAPH (1) OF THIS SUBSECTION:

(I)	IN YEARS 1 THROUGH 5	-	80%
(II)	IN YEAR 6	-	70%
(III)	IN YEAR 7	-	60%
(IV)	IN YEAR 8	-	50%
(V)	IN YEAR 9	-	40%
(VI)	IN YEAR 10	-	30%
(VII)	IN YEARS 11 AND AFTER	-	0%

(3) IN NO EVENT, HOWEVER, MAY THE TAX CREDIT GRANTED UNDER THIS SECTION, ALONE OR COMBINED WITH THE STATE ENTERPRISE ZONE TAX CREDIT, EXCEED THE AMOUNT OF THE PROPERTY TAX IMPOSED ON THE PROPERTY.

(E) INELIGIBILITY OF CERTAIN PROJECTS INVOLVING HISTORIC PROPERTY.

THE TAX CREDIT GRANTED UNDER THIS SECTION DOES NOT APPLY TO:

(1) ANY PROJECT THAT INVOLVES IMPROVEMENTS ELIGIBLE FOR A TAX CREDIT UNDER § 108 {"HISTORIC RESTORATIONS AND REHABILITATIONS"} OF THIS SUBTITLE; OR

(2) ANY PROJECT THAT INVOLVES MODIFICATIONS TO OR AFFECTING A PROPERTY LISTED INDIVIDUALLY ON THE NATIONAL REGISTER OF HISTORIC PLACES OR LOCATED WITHIN A NATIONAL REGISTER HISTORIC DISTRICT, IF THE CITY'S COMMISSION FOR HISTORICAL AND ARCHITECTURAL PRESERVATION DETERMINES THAT THE MODIFICATIONS ARE INCOMPATIBLE WITH LOCAL HISTORIC PRESERVATION STANDARDS.

(F) ADDITIONAL REQUIREMENTS.

A PROPERTY TAX CREDIT GRANTED UNDER THIS SECTION SHALL:

(1) BE SUBJECT TO ELIGIBILITY REQUIREMENTS NO LESS STRINGENT THAN THOSE APPLICABLE TO CREDITS AUTHORIZED UNDER STATE TAXPROPERTY ARTICLE § 9242;

(2) BE FOR A PERIOD OF 10 YEARS FOR EACH PROPERTY, STARTING WITH THE FIRST ASSESSMENT AFTER ISSUANCE OF AN OCCUPANCY PERMIT FOR THE COMPLETED PROJECT;

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

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

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

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

(G) CONTINUING ELIGIBILITY.

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

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

(II) MAINTAINS ITS HIGH-PERFORMANCE RATING; AND

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

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

(H) NO TAX SUBSIDY DUPLICATION ALLOWED.

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

(I) APPLICATION.

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

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

(J) REVIEW BY FINANCE AND CHAP.

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

(2) THE COMMISSION FOR HISTORICAL AND ARCHITECTURAL PRESERVATION, IN COORDINATION WITH THE DEPARTMENT OF FINANCE, SHALL ESTABLISH SPECIFIC PROCEDURES FOR DETERMINING WHETHER THE CRITERIA OF SUBSECTION (E) OF THIS SECTION APPLY TO A PROJECT SO AS TO RENDER IT INELIGIBLE FOR THE CREDIT AUTHORIZED BY THIS SECTION.

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

(K) ADMINISTRATION.

THE DIRECTOR OF FINANCE MAY:

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

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

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

(L) TERMINATION OF PROGRAM.

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

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

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

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