

HOUSE BILL 813

Q2

71r0358

By: **Delegates Rosenberg, Anderson, and Stukes**

Introduced and read first time: February 9, 2007

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: April 4, 2007

CHAPTER _____

1 AN ACT concerning

2 **Baltimore City - Property Tax ~~Credit~~ - Exemption - Affordable and**
3 **Inclusionary Housing**

4 FOR the purpose of ~~authorizing the Mayor and City Council of Baltimore City to~~
5 ~~grant, by law, a property tax credit against the county property tax imposed on~~
6 ~~mixed-income rental residential developments~~ providing for certain exemptions
7 from the Baltimore City property tax under certain circumstances for certain
8 development projects that offer affordable residential units and are owned by
9 ~~certain owners; ; prohibiting the Baltimore City Board of Estimates from~~
10 entering into certain agreements if the agreements would result in a certain
11 reduction in property tax revenues for a taxable year; authorizing the Mayor
12 and City Council of Baltimore City to provide, by law, for eligibility criteria for
13 ~~the tax credit, the amount and duration of the tax credit,~~ certain regulations,
14 requirements, limitations, criteria, and procedures, and any other provision
15 necessary to carry out the tax ~~credit~~ exemption; providing for the application
16 and termination of this Act; defining certain terms; and generally relating to
17 property tax ~~credits for~~ exemptions for affordable and inclusionary housing in
18 Baltimore City.

19 BY adding to

20 Article - Tax - Property

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Section ~~9-304(g)~~ 7-504.1
 2 Annotated Code of Maryland
 3 (2001 Replacement Volume and 2006 Supplement)

4 Preamble

5 WHEREAS, Economic diversity in Baltimore City, anchored by a strong and
 6 stable middle class and including homes for the full range of Baltimore City's
 7 workforce, as well as for seniors and others on fixed incomes, will stimulate economic
 8 investment, promote neighborhood stability, and increase public safety for all; and

9 WHEREAS, The private sector, as the primary source of housing and economic
 10 development activity in Baltimore City, is not solely, through its individual
 11 development actions, able to create economically diverse neighborhoods or
 12 developments or to develop housing for the broad range of incomes that will lead to
 13 economic diversity; and

14 WHEREAS, In an effort to spur the development of affordable and inclusionary
 15 housing, Baltimore City Council Bill 06-0558 would grant the owners of ~~rental~~
 16 ~~residential~~ developments that offer inclusionary housing a property tax ~~credit~~
 17 exemption on the enactment by the Maryland General Assembly of enabling
 18 legislation to authorize the property tax ~~credit~~ exemption; now, therefore,

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article - Tax - Property**

22 ~~9-304.~~

23 ~~(G) (1) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY~~
 24 ~~GRANT, BY LAW, A PROPERTY TAX CREDIT UNDER THIS SUBSECTION AGAINST~~
 25 ~~THE COUNTY PROPERTY TAX IMPOSED ON MIXED-INCOME RENTAL~~
 26 ~~RESIDENTIAL DEVELOPMENTS THAT:~~

27 ~~(I) OFFER AFFORDABLE UNITS; AND~~

28 ~~(II) ARE OWNED BY QUALIFYING OWNERS.~~

29 ~~(2) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY~~
 30 ~~PROVIDE, BY LAW, FOR THE FOLLOWING PROVISIONS RELATING TO THE TAX~~
 31 ~~CREDIT AUTHORIZED UNDER PARAGRAPH (1) OF THIS SUBSECTION:~~

- 1 ~~(I) ELIGIBILITY CRITERIA FOR THE TAX CREDIT;~~
- 2 ~~(II) THE AMOUNT AND DURATION OF THE TAX CREDIT;~~
- 3 ~~(III) REGULATIONS AND PROCEDURES FOR THE~~
4 ~~APPLICATION AND UNIFORM PROCESSING OF REQUESTS FOR THE TAX CREDIT;~~
5 ~~AND~~
- 6 ~~(IV) ANY OTHER PROVISIONS NECESSARY TO CARRY OUT~~
7 ~~THE CREDIT AUTHORIZED BY THIS SUBSECTION.~~

8 **7-504.1.**

9 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
10 **MEANINGS INDICATED.**

11 **(2) "AFFORDABLE RENT" MEANS RENT THAT DOES NOT EXCEED**
12 **30% OF A HOUSEHOLD'S INCOME.**

13 **(3) "AREA MEDIAN INCOME" MEANS THE MEDIAN HOUSEHOLD**
14 **INCOME FOR AN AREA ADJUSTED FOR HOUSEHOLD SIZE AS PUBLISHED AND**
15 **ANNUALLY UPDATED BY THE UNITED STATES DEPARTMENT OF HOUSING AND**
16 **URBAN DEVELOPMENT.**

17 **(4) "QUALIFYING DEVELOPMENT" MEANS:**

18 **(I) A REDEVELOPMENT PROJECT OF 30 OR MORE**
19 **RESIDENTIAL RENTAL UNITS THAT WILL SET ASIDE 10% OR MORE OF THE**
20 **DEVELOPMENT'S TOTAL UNITS TO BE RENTED AT AN AFFORDABLE RENT TO A**
21 **HOUSEHOLD EARNING NOT MORE THAN 60% OF THE AREA MEDIAN INCOME; OR**

22 **(II) A NEW RESIDENTIAL RENTAL DEVELOPMENT PROJECT**
23 **THAT:**

24 **1. IS NEW CONSTRUCTION OR IS A CONVERSION OF A**
25 **NONRESIDENTIAL STRUCTURE THAT WILL PROVIDE 30 OR MORE UNITS OF**
26 **HOUSING;**

1 **2. HAS A COMBINED PRIVATE CAPITAL INVESTMENT**
2 **OF EQUITY AND DEBT OF AT LEAST \$10,000,000;**

3 **3. SETS ASIDE AT LEAST 10% OF THE**
4 **DEVELOPMENT'S TOTAL UNITS TO BE RENTED AT AN AFFORDABLE RENT TO A**
5 **HOUSEHOLD EARNING NOT MORE THAN 60% OF THE AREA MEDIAN INCOME;**

6 **4. HAS NOT OBTAINED SITE PLAN APPROVAL ON OR**
7 **BEFORE JUNE 30, 2007; AND**

8 **5. SATISFIES ADDITIONAL REQUIREMENTS AS**
9 **DETERMINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY.**

10 **(5) "SITE PLAN APPROVAL" MEANS APPROVAL FROM THE**
11 **BALTIMORE CITY PLANNING COMMISSION OF THE LAND DEVELOPMENT**
12 **PROPOSAL OF A QUALIFIED DEVELOPMENT TO ENSURE ITS CONSISTENCY WITH**
13 **LAND DEVELOPMENT POLICIES AND REGULATIONS AND ACCEPTED LAND**
14 **DESIGN PRACTICES.**

15 **(B) A REDEVELOPMENT PROJECT OR NEW RESIDENTIAL RENTAL**
16 **DEVELOPMENT PROJECT IS EXEMPT OR PARTIALLY EXEMPT FROM BALTIMORE**
17 **CITY REAL PROPERTY TAXES IF:**

18 **(1) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY**
19 **DETERMINE THAT THE PROJECT:**

20 **(I) IS A QUALIFYING DEVELOPMENT MEETING THE**
21 **REQUIREMENTS OF THIS SECTION; AND**

22 **(II) MEETS THE REQUIREMENT OF ANY OTHER RELEVANT**
23 **ANALYSIS;**

24 **(2) THE OWNER OR OWNERS OF THE QUALIFYING DEVELOPMENT**
25 **SATISFY A FINANCIAL REVIEW ADMINISTERED BY THE MAYOR AND CITY**
26 **COUNCIL OF BALTIMORE CITY THAT PROVIDES:**

27 **(I) A DETAILED DESCRIPTION OF THE PROJECT AND THE**
28 **DEVELOPMENT BUDGET FOR THE PROJECT, INCLUDING THE IDENTIFICATION**
29 **OF ALL SOURCES OF DEBT AND EQUITY FINANCING;**

1 (II) A MULTIYEAR PRO FORMA CASH FLOW ANALYSIS OF THE
2 PROJECT DETAILING ALL INCOMING AND OUTGOING CASH FLOW INCLUDING
3 REVENUES, OPERATING EXPENSES, DEBT SERVICE, TAXES, CAPITAL
4 EXPENDITURES, AND ANY OTHER CASH OUTLAYS;

5 (III) THE PROJECTED RETURN ON INVESTMENT FOR THE
6 OWNER; AND

7 (IV) THE AMOUNT OF POTENTIAL REVENUE THAT MAY BE
8 LOST THROUGH THE PROVISION OF AFFORDABLE HOUSING; AND

9 (3) THE OWNER OR OWNERS OF THE QUALIFYING DEVELOPMENT
10 AND THE BALTIMORE CITY BOARD OF ESTIMATES ENTER INTO AN AGREEMENT
11 THAT:

12 (I) PROVIDES THAT THE OWNER OR OWNERS OF THE
13 QUALIFYING DEVELOPMENT SHALL PAY TO BALTIMORE CITY A NEGOTIATED
14 AMOUNT IN LIEU OF THE PAYMENT OF CITY REAL PROPERTY TAXES;

15 (II) SPECIFIES AN AMOUNT THAT THE OWNER OR OWNERS
16 SHALL PAY TO BALTIMORE CITY EACH YEAR IN LIEU OF THE PAYMENT OF CITY
17 REAL PROPERTY TAXES DURING THE TERM OF THE AGREEMENT THAT IS NOT
18 LESS THAN 75% OF THE ANNUAL PROPERTY TAXES THAT WOULD OTHERWISE BE
19 DUE TO THE CITY FOR THE QUALIFYING DEVELOPMENT IN THE INITIAL YEAR OF
20 THE AGREEMENT; AND

21 (III) IS LIMITED TO A TERM OF NOT MORE THAN 10 YEARS.

22 (C) AT THE COMPLETION OF THE TERM OF THE AGREEMENT, THE
23 QUALIFYING DEVELOPMENT MAY SEEK TO RENEW THE AGREEMENT FOR
24 ADDITIONAL TERMS BUT SUBSEQUENT TERMS SHALL EACH BE LIMITED TO A
25 TERM OF NOT MORE THAN 10 YEARS.

26 (D) THE BALTIMORE CITY BOARD OF ESTIMATES MAY NOT ENTER INTO
27 AN AGREEMENT FOR PAYMENT OF A NEGOTIATED AMOUNT IN LIEU OF TAXES
28 UNDER THIS SECTION IF THE AGREEMENT WOULD CAUSE THE TOTAL
29 REDUCTION IN PROPERTY TAX REVENUES FROM ALL AGREEMENTS ENTERED
30 INTO UNDER THIS SECTION TO EXCEED \$2,000,000 IN ANY TAXABLE YEAR.

1 **(E) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY MAY**
 2 **PROVIDE, BY LAW, FOR:**

3 **(1) THE CRITERIA TO BE MET FOR A PROJECT TO BE CONSIDERED**
 4 **A REDEVELOPMENT PROJECT FOR PURPOSES OF THIS SECTION;**

5 **(2) ADDITIONAL LIMITATIONS, CRITERIA, AND REGULATIONS**
 6 **REGARDING QUALIFYING DEVELOPMENTS AUTHORIZED TO ENTER INTO AN**
 7 **AGREEMENT FOR PAYMENT IN LIEU OF TAXES UNDER THIS SECTION;**

8 **(3) ADDITIONAL PROCEDURES AND REQUIREMENTS REGARDING**
 9 **THE AMOUNT AND DURATION OF THE PAYMENT IN LIEU OF TAXES AGREEMENT**
 10 **AUTHORIZED UNDER THIS SECTION;**

11 **(4) REGULATIONS AND PROCEDURES FOR THE APPLICATION AND**
 12 **UNIFORM PROCESSING OF THE TAX EXEMPTIONS AND PAYMENT IN LIEU OF**
 13 **TAXES AGREEMENTS AUTHORIZED UNDER THIS SECTION; AND**

14 **(5) ANY OTHER PROVISION NECESSARY TO CARRY OUT THIS**
 15 **SECTION.**

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
 17 June 1, 2007, and shall be applicable to all taxable years beginning after June 30,
 18 2007 but before July 1, 2010. It shall remain effective for a period of 3 years and 1
 19 month and, at the end of June 30, 2010, with no further action required by the General
 20 Assembly, this Act shall be abrogated and of no further force and effect.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.