

CHAPTER 578

(Senate Bill 827)

AN ACT concerning

Baltimore City – Property Tax ~~Credit~~ – Exemption – Affordable and Inclusionary Housing

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

BY adding to

Article – Tax – Property
Section ~~9-304(g)~~ 7-504.1
Annotated Code of Maryland
(2001 Replacement Volume and 2006 Supplement)

Preamble

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

WHEREAS, The private sector, as the primary source of housing and economic development activity in Baltimore City, is not solely, through its individual development actions, able to create economically diverse neighborhoods or

developments or to develop housing for the broad range of incomes that will lead to economic diversity; and

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

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

Article - Tax - Property

~~9-304.~~

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

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

~~(H) ARE OWNED BY QUALIFYING OWNERS.~~

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

~~(I) ELIGIBILITY CRITERIA FOR THE TAX CREDIT;~~

~~(H) THE AMOUNT AND DURATION OF THE TAX CREDIT;~~

~~(III) REGULATIONS AND PROCEDURES FOR THE APPLICATION AND UNIFORM PROCESSING OF REQUESTS FOR THE TAX CREDIT; AND~~

~~(IV) ANY OTHER PROVISIONS NECESSARY TO CARRY OUT THE CREDIT AUTHORIZED BY THIS SUBSECTION.~~

7-504.1.

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

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

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

(4) "QUALIFYING DEVELOPMENT" MEANS:

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

(II) A NEW RESIDENTIAL RENTAL DEVELOPMENT PROJECT THAT:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Approved by the Governor, May 17, 2007.