



PRESERVATION MARYLAND

Affordable Housing & Historic Preservation

STRENGTHENING MARYLAND'S COMMUNITY REDEVELOPMENT EFFORTS

Why Is This Legislation Necessary?

Maryland needs more affordable housing and needs to make all its community redevelopment programs work more efficiently for developers working to address this challenge.

1. Changes to Federal Tax Code Have Increased Costs of Rehabilitation: The recent overhaul of the federal tax code has increased the cost of completing rehabilitation projects due to slower vesting of the federal Historic Tax Credit. Maryland must work to reduce costs to offset this damaging impact on community redevelopment.
2. Need for Affordable Housing: According to the National Low-Income Housing Coalition, **Maryland needs 119,000 new units of affordable housing just to meet existing demand**. New construction of single-family homes and apartment houses will play an important role in closing this gap – but new construction alone cannot meet the demand. **Reuse of historic structures is a proven way to create affordable housing**.
3. Need to Streamline Existing Program: The existing program does not allow for the simple transfer of credits or tax credit certificates to entities outside of development partnerships. As a result, developers must establish complex syndication schemes to allocate credits which increase the cost of completing projects – which in turn increases the cost of housing.

What Does This Legislation Do?

This legislation makes two changes to the existing legislation:

1. Increases the state Historic Tax Credit to 25% for projects resulting in affordable housing. It incentivizes this activity, but does not require this activity (like previous proposals).
2. Allows the state Historic Tax Credit to be transferred outside of partnerships.

What Will This Legislation Cost?

There is **no** fiscal impact to this legislation. Here's why:

- A. The existing allocation of credits will be used to meet the increased percentage for affordable housing.
- B. Credits transferred outside of partnerships would have the same fiscal impact on the state as credits currently utilized by members of the partnership.

For more information on this legislation and preservation policy, please contact:

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