



Martin O'Malley, Governor

PRESS RELEASE



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APPLICATIONS FOR NEW SUSTAINABLE COMMUNITIES TAX CREDITS NOW BEING ACCEPTED

\$10 million in total tax credits will help stimulate construction jobs and rehabilitations of historic commercial properties and commercial buildings in Main Street areas.

BALTIMORE (August 16, 2010) – Applications are now being accepted for a total of \$10 million in tax credits for qualified commercial building rehabilitation projects under the Maryland Sustainable Communities Act of 2010.

The Maryland Sustainable Communities Rehabilitation Tax Credit Program was created under House Bill 475 that Governor Martin O'Malley signed as part of the Governor's Smart, Green & Growing initiative. The incentive program replaces the former Maryland Heritage Structure Rehabilitation Tax Credit. Its prime objective is to support existing communities as desirable places to live and do business. It is estimated that the credit will help create more than 700 construction jobs in its first year alone. The credit was approved for four years by the General Assembly in April. The new credit expands the former Heritage Structure Rehabilitation Tax Credit beyond historic building renovations to broader areas of revitalization, including commercial properties in Main Street areas and, in future years, to areas targeted for growth such as Transit-Oriented Development (TOD) and Base Realignment and Closure Act (BRAC) zones.

“The Sustainable Communities Tax Credit will help spur economic growth in Maryland’s existing communities,” said Richard E. Hall, AICP, secretary of the Maryland Department of Planning (MDP). “It broadens our previously successful tax credit program to propel smart and sustainable growth in Maryland.” MDP oversees the Maryland Historical Trust (MHT), which administers the tax credit program.

The commercial building Sustainable Communities Rehabilitation Tax Credit is available for income-producing properties including office, retail, rental housing, etc. at different credit levels based on property type:

- 20% credit for “certified historic structures”
- 25% credit for “certified historic structures” that are high-performance buildings (LEED Gold certified or the equivalent)
- 10% credit for non-historic “qualified rehabilitated structures”

Commercial Rehabilitation Tax Credit applications are being accepted by MHT for the Sustainable Communities Rehabilitation Tax Credit Program until September 15, 2010. The total amount of Commercial Rehabilitation Tax Credits distributed each year is based on an annual appropriation in the State's operating budget. The amount varies year to year based upon the amount included in the Governor's proposed budget and the final budget passed by the General Assembly. Applications for the Commercial Rehabilitation Tax Credits are accepted once annually and are competitively rated and ranked. Awards are made to the extent that appropriations are available.

The incentive is expected to build on the success of the one it replaces, the Heritage Structure Rehabilitation Tax Credit Program. That program leveraged more than \$1.5 billion in rehabilitation spending by property owners and developers on \$347 million of state investment over its 14-year span. Coupled with wages, both in construction and new jobs, and State and local revenues generated, that equated to more than \$8.50 in economic output for every \$1 invested by State government. A report last year by the non-profit Abell Foundation concluded that commercial projects over the life of the program have employed roughly 15,120 people, earning \$673.1 million in 2009 dollars. The report stated further that the total economic impact of completed projects on the Maryland economy between 1996 and 2009 totaled \$2.1 billion. The state's tax credit investment in labor-intensive building renovation generated 1,850 more jobs than would have been created had the same funds been used for new construction, the foundation reported.

The O'Malley administration's Sustainable Communities legislation brought together the efforts of the departments of Planning; Transportation; Environment; Business and Economic Development; Labor, Licensing and Regulation, and Housing and Community Development. Maryland's new tax credit is also one of the first in the nation to link LEED high-performance green building standards with historic preservation.

For general information about the Sustainable Communities Rehabilitation Tax Credit Program or to check the status of your project, please contact Bonnie Baden at bbaden@mdp.state.md.us or (410) 514-7628. More information is also available from MHT at <http://mht.maryland.gov>

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