

PARITY

HB865/SB659 Historic Revitalization Tax Credit – Small Commercial Projects In Support

February 16th, 2021
Ways and Means Committee

To Whom It May Concern:

I am writing in support of Bill HB865, Historic Revitalization Tax Credit – Small Commercial Projects.

My name is Bree Jones, and I am the Founder and Executive Director of Parity Homes. Parity is an equitable development company that removes systemic barriers to authentically and equitably rebuild historically Black neighborhoods through collective economics. Parity acquires and rehabilitates vacant and abandoned properties in West Baltimore by the block to create affordable homeownership opportunities. At the core of our work is “Development without Displacement”. We practice real estate and housing development through a racial equity lens to ensure that people who have been historically disinvested of wealth are able to participate in and benefit from reinvestment into their communities. Parity takes extra steps to prevent unintended displacement of legacy residents by connecting them with legal, financial, and aging-in-place resources.

Despite best efforts of organizations like mine, racial and structural barriers to create homeownership, wealth-building, and community revitalization opportunities persist. One of the most persistent challenges to rehabilitating vacant and abandoned properties in historically redlined neighborhoods, is that the cost to renovate these architecturally historic properties is substantially more than market appraisals and affordability levels can support. For example, in neighborhoods like those in historic West Baltimore, construction costs to rehabilitate severely dilapidated properties can be upwards of \$300K per structure. However, the appraisal values (the price that homes can be sold for) is closer to \$180K. This difference in cost and value is called the Appraisal Gap and is one of the primary suppressors of market activity and redevelopment in distressed neighborhoods.

Current subsidy funding to spur development in disinvested areas is scarce, competitive, and inadequate. Moreover, historic tax credits both at the local and state level tend to be utilized by more wealthy homeowners in already-healthy neighborhoods like Hampden, Canton, and Fells Point that can afford \$50K in out of pocket renovations and for whom the after-repair appraisals can justify the cost of renovation. Without a more radical effort to remediating the harms done in predominately Black historically redlined neighborhoods, these areas will be locked into their downward economic trajectories and historic preservation tax credits will continue to underutilized.

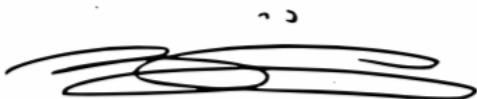
The Small Commercial Projects Historical Revitalization Tax Credit was one of the few funding sources available to Baltimore City developers working to create attainable housing in the Black Butterfly. This tax credit helped to incentivize the preservation of historic architectural character in historically Black neighborhoods located in the National Register of Historic Places. The credit was particularly useful in Old West Baltimore where homes are characteristic of having 13 foot ceilings, ornate crown molding, marble mantelpieces, masonry work and cornices. Without the credit, not only is preservation not possible, but redevelopment is economically unfeasible.

For these reasons, I request a favorable report of HB865.

Regards,

Bree Jones

Executive Director & Founder
Parity Baltimore Incorporated

A handwritten signature in black ink, appearing to read 'Bree Jones', with a stylized flourish underneath.

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