

PARITY

SB289/HB27 Historic Revitalization Tax Credit – Small Commercial Projects In Support

January 31st, 2022
Budget & Taxation Committee

To the Budget & Taxation Committee:

I am writing in support of Bill SB289, Historic Revitalization Tax Credit – Funding and Extension

My name is Bree Jones, and I am the Founder and CEO of Parity Homes. Parity is an equitable development company working in Old West Baltimore to heal neighborhoods experiencing hyper vacancy. Parity acquires and rehabilitates vacant and abandoned properties by the block, and creates pathways for friends, families, neighbors and other social groups to affordably own these homes on a collective basis. 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.

Despite best efforts of organizations like mine, structural barriers to create homeownership, wealth-building, and community revitalization opportunities in historically Black neighborhoods persist. One of the most obstinate challenges in rehabilitating architecturally historic properties in these neighborhoods is the differential between the cost of renovation and the final appraised value and affordability level of the post-renovated property. For example, in neighborhoods like those in historic Old West Baltimore, construction costs to rehabilitate severely dilapidated properties with historical features can be upwards of \$350K per structure. However, the appraised value (the price that homes can be sold for according to banks) is closer to \$200K. 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.

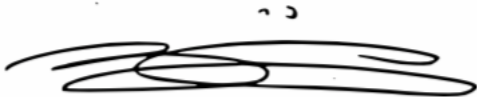
Current subsidy funding to spur development in disinvested areas is scarce, competitive, and inadequate. The Maryland Historic Trust Small Commercial Projects Historical Revitalization Tax Credit is a one-of-a-kind – it is the only tax credit that can be used towards the development costs for residential historic renovations and is one of the few funding sources available to Baltimore City developers working to create attainable and architecturally historic housing in the Black Butterfly. Without the credit, not only is historic preservation not economically possible, but redevelopment as a whole is unfeasible. My organization and others like mine desperately need the Maryland Historic Trust tax credit to make our projects work financially and to retain the beautiful historic architecture present throughout Old West Baltimore. While the tax credit represents a minor expenditure for the state budget, there is incredible return on investment in the form of reduced burden on city and state services caused by vacancy, the healing and revitalization of Maryland’s most precious communities, and the introduction of new taxpayers and homeowners into state tax revenue.

For these reasons, I request a favorable report of SB289. I would also like to advocate for at least \$1M in stop-gap funds for FY23 to avoid disruption in historic homeownership production across the state.

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.

(914) 484-3130

bree@parityhomes.com