

The Baltimore City Commission for Historical and Architectural Preservation

Historic Restoration and Rehabilitation Tax Credit Procedures

Adopted by the Commission 5/12/15

1.0 Program Eligibility

1.1 Eligible Properties

In order to be eligible for the Historic Tax Credit, a property must:

- Be classified as a “historic property” which means either of the following:
 - individually listed on the National Register of Historic Places;
 - individually listed on the City Landmark List;
 - located within a National Register Historic or Landmark District and certified by CHAP as contributing to the historic significance of that district; or
 - located within a City Historical and Architectural Preservation District and certified by CHAP as contributing to the historic significance of that district; and
- Plan for “significant improvements” meaning improvements, restoration, or rehabilitation for which the total documented construction cost equals or exceeds 25% of a property’s full cash value before commencement of the improvements, restoration, or rehabilitation. These improvements must be reviewed and approved by CHAP prior to the commencement of any work.

1.2 Ineligible Properties

Properties not eligible for the credit are those where:

- CHAP has determined that the property does not contribute to the historic district;
- Incompatible work or alterations were undertaken prior to application or the issuance of preliminary approval.

1.3 Ineligible Projects

Projects not eligible for the credit are those where:

- The construction costs exceed \$3.5 million and the property is totally eligible for the Enterprise Zone Real Property Tax Credit program;
- The substantial improvements do not meet the program goal “to restore or rehabilitate historic buildings.”

2.0 Project Application

An application is required for each new project at a property. All applications, amendments, and final certification materials must be submitted through the online application system. All approvals will be issued by CHAP in writing via email.

No other review for purposes of establishing compatibility with local historic preservation standards may be substituted for a review by CHAP (including any review by the Maryland Historical Trust or the National Park Service). The submission of an Application for Notice to Proceed cannot be substituted for an application for the tax credit.

CHAP will review complete applications only. Applications that are incomplete, contain insufficient documentation, propose work that does not meet the CHAP Guidelines, or provide conflicting information may be rejected. Staff may delay the review and approval process until all necessary materials are required, and the proposed project meets the CHAP Guidelines. CHAP staff may request additional documentation as needed.

2.1 Required Material for Applications

All applications must include the following:

- Photographs of the property, including photos of the all exterior elevations, the roof (if accessible), each interior room, and significant architectural details, including cornices, porches, storefronts, windows, trim, doors, staircases, railings and newel posts, fireplaces and mantels, transoms, and other unique features within the property. Photographs must be large, in color, clearly labeled, and must be taken in high resolution. Zip files or PDFs of photographs are highly recommended.
- Floor plans, site plans, elevations and other relevant drawings. If a building elevation or interior layout will be altered in any way, applicants must provide “existing” and “proposed” drawings for review.
- A scope of work for the project. Applications must contain a detailed scope of work that thoroughly describes interior and exterior plans, proposed materials, treatments, and alterations. The scope of work should provide a comprehensive overview of the proposed project.
- If your property is located within a Baltimore City Historic District, an Application for Notice to Proceed for the exterior work or a Notice-to-Proceed if it has been already issued.

- All commercial projects must complete and submit the Enterprise Zone Verification form prior to the approval of their application. Projects that qualify for the Enterprise Zone Tax Credit must apply for this credit in order to receive the Historic Tax Credit.
- If the applicant appeals the base year full cash value assessment to SDAT, the applicant must notify the City that the appeal has been filed. To notify the City of the outstanding appeal, the applicant must check the appropriate box on the application.

2.2 Projects Over \$3.5 Million

Projects with an investment that will total over \$3.5 million must undergo an additional review by the City's Department of Finance. Applicants must contact the CHAP staff as soon as possible to obtain the necessary documentation for this review. The application cannot be approved until the Department of Finance has completed their review and determined that the project is eligible.

2.3 Fees

A \$50 review fee will be assessed for each application. The fee must be in the form of a check made to the Director of Finance, Baltimore City and must contain the property address in the memo line.

No application will be reviewed until the review fee has been received by CHAP.

2.4 Application Review Procedures

Applications are reviewed in the order in which they are received; however, CHAP may accommodate an applicant under extenuating circumstances.

CHAP may reject applications that do not clearly capture the intended scope of work or where photographs, plans or other documentation is not clear and legible.

Projects are reviewed on a case by case basis to determine whether the proposed work meets the Baltimore City Historic Preservation Design Guidelines. These Guidelines are based on the Secretary of the Interior's Standards for Rehabilitation, the national standard for historic preservation.

Applicants will be contacted by the CHAP reviewer with any questions that arise during the review process. Questions are sent via email, so applicants are encouraged to provide an email that they check on a regular basis to avoid project delays.

2.5 Duration of Approvals and Requests for Extensions

Preliminary approvals are valid for 3 years following the issuance of the initial approval. Projects are eligible for one 1-year extension; however, it is the applicant's responsibility to request the extension from CHAP at least 30 days prior to the expiration of the preliminary approval.

2.6 Subdivision and Consolidation of Properties

CHAP must be informed of any proposed subdivision or consolidation of properties for which a tax credit application has been filed. If the subdivision or consolidation is not reflected in the property file utilized by the online application system, applications can only be filed for existing properties. If an application is submitted prior to the subdivision of a property, the application must make clear which photographs, plans, and parts of the scope apply to each property. If an application is made prior to consolidation, an application must be made for each property. All applications must clearly indicate the impact of the subdivision or consolidation on the properties.

2.7 Change in Ownership

If, during the course of a project, the applicant or owner changes, CHAP must be notified in writing immediately. Where an owner or applicant does not intend to complete the project, CHAP must revoke the application. Any future project proposed for that property will require a new application.

If a property is sold upon completion of an approved rehabilitation project, but prior to the issuance of final certification, CHAP may work with the new owner to determine if the project is eligible for final certification.

3.0 Preliminary Approval

When a project has been reviewed and it has been determined that the proposed work meets the CHAP Design Guidelines, an applicant will be issued preliminary, conditional approval.

All approvals will be issued in writing from the CHAP staff and may come in the form of a letter or email only. No other form of approval can be substituted.

Conditions of the preliminary approval will appear on the preliminary approval letter. Applicants must comply with all conditions in order to obtain final certification for the project. If an applicant feels they cannot meet the conditions of the pre-approval, it is the responsibility of the applicant to contact CHAP staff and receive written approval of a revised plan before undertaking any changes.

It is the responsibility of the applicant to ensure that permitted plans include the conditions of the tax credit pre-approval letter. CHAP may deny an application if the permitted plans contradict the conditions of the pre-approval letter.

4.0 Amendments

Should an unforeseen issue arise during the course of a project, it is the applicant's responsibility to notify CHAP in writing immediately. If a change to the project scope is necessary, applicants must submit a written or emailed amendment and receive written or emailed approval from CHAP prior to undertaking the change.

5.0 Final Certification

Upon project completion, it is the applicant's responsibility to submit the material required for final certification. Final certification submissions must be made through the online tax credit system.

5.1 Materials required for Final Certification

- Photographs of the completed project. Final certification submissions must provide a thorough photo documentation of the completed rehabilitation and should correspond to the photos submitted in the original application. Photographs must be large, in color, clearly labeled, and must be taken in high resolution. Zip files or PDFs of photographs are highly recommended.
- Copies of all permits, including a Use & Occupancy Permit (if required) must be submitted upon completion of the project. If a Use & Occupancy permit is not required, the applicant must submit a statement to that effect. Copies of all Notice to Proceeds for exterior work issued by CHAP must also be submitted if the project is within a Baltimore City Historic District.
- A detailed cost documentation of all expenses related to the rehabilitation of the project must be submitted at the end of the project. This documentation must demonstrate that at least 25% of the full cash value of the property was invested during the course of the project and that the total amount has been paid in full. Estimates of any kind cannot be accepted. Cost documentation must include material and labor costs and can also include architect, engineering, and design fees. The cost documentation cannot include property acquisition costs, utility bills, property tax bills, or other holding costs.
- If the original assessment value was contested, the resulting assessment.

5.2 No Fee for Final Certification

Please note that there is no fee required for the final certification submission.

5.3 Final Certification Review Procedures

Final Certification submissions are reviewed in the order in which they are received; however, CHAP may accommodate an applicant under extenuating circumstances.

CHAP will not review submissions that do not clearly capture the costs of the completed work or all permits or where photographs or other documentation is not clear and legible.

Projects are reviewed on a case by case basis to determine whether the completed work meets the approved plans and Baltimore City Historic Preservation Design Guidelines.

Applicants will be contacted by the CHAP reviewer with any questions that arise during the review process. Questions are sent via email, so applicants are encouraged to provide an email that they check on a regular basis to avoid project delays.

When a project has been reviewed and it has been determined that the completed work meets the approved plans and the CHAP Design Guidelines, an applicant will be granted final certification. Final certification will be issued in the form of a letter or email only.

6.0 Work Completed Prior to Approval

6.1 Ineligible Work

Work that is incompatible with CHAP Design Guidelines that is undertaken prior to the submission of a tax credit application or the receipt of preliminary approval may jeopardize the eligibility of a property to receive the tax credit. This work may include but is not limited to the following:

- Removal of historic interior features that change the historic character of the house. This work may include removal of windows, transom windows, removal of stairs, moldings, doors, or decorative features such as arches and columns.
- Exterior alterations that change the historic character of the historic facades. This work may include removal of cornices, fronts steps, porches, and alterations to window and door openings.

6.2 Eligible Work

The following list of generally approved work may commence prior to preliminary approval but following the pre-rehabilitation appraisal. This work can be undertaken at the applicant's risk and may result in revocation should the work negatively impact the property's historic character and features.

- Careful Removal of Formstone from exterior elevations.
- The following work in unfinished basements only:
 - Removal of electric, gas, water or sewer lines that will not be reused.

- Underpinning of the foundation, to include excavation, removal of dirt, and installation of a new foundation.
- Removal of old slab and installation of new slab.

6.3 Emergency Work

CHAP may approve emergency work if necessary to stabilize the building prior to full project review. Applicants must contact CHAP immediately with emergency conditions and provide photographs and a scope of work for written approval. No emergency work may be considered for inclusion in the credit without the written approval of CHAP.

Further, the undertaking of unapproved work of any kind other than those specifically listed above may result in the application being denied and/or the credit being revoked.

7.0 Work Completed Following Final Certification

Any work that is completed following the issuance of final certification and during the 10-year term of the tax credit must be in compliance with the CHAP Design Guidelines and the conditions of the project approval. To remain in compliance, property owners should submit plans for any additional work for review and approval by CHAP. Work that is not compatible with the Design Guidelines or the conditions of the approval may result in revocation of the tax credit.

Additional work will not count toward the value of the historic tax credit.

8.0 Conditions of Participation

CHAP and the Department of Finance maintain the right to revoke any preliminary or final certification where it is determined that the certification was issued in error and on the basis of missing, inaccurate or fraudulent material or information provided by any party to the applicant.

All materials submitted for the purposes of obtaining this tax credit are the property of the City of Baltimore and may be used for data collection, reporting and publication purposes where appropriate with the exception of information that is considered proprietary or confidential under the Maryland Public Information Act. Requests to review property files not otherwise made publicly available must conform to the requirements of the Maryland Public Information Act.