



Martin O'Malley, Governor

PRESS RELEASE



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GOVERNOR O'MALLEY SIGNS SUSTAINABLE COMMUNITIES ACT OF 2010

New law includes \$10 million for tax credit, which will help foster jobs, growth in Main Street business districts, transit-oriented development and BRAC zones, and in Sustainable Communities.

BALTIMORE (May 20, 2010) – Governor Martin O'Malley today signed House Bill 475, the Sustainable Communities Act of 2010. The legislation, a major addition to the Governor's Smart, Green and Growing program, provides \$10 million for the Sustainable Communities Tax Credit. It replaces the former Maryland Heritage Structure Rehabilitation Tax Credit. Its primary objective is to support existing communities as desirable places to live and do business and to reduce outward pressure for sprawl development.

The tax credit joins other programs that have advanced the state's approach to Smart Growth during the past year, including creation of a Sustainable Communities commission, broadening the membership of the Governor's Smart Growth Subcabinet, securing the investment in local comprehensive plans and furthering the training of representatives on local planning and appeals boards.

"The investments we make in our existing communities, towns and cities today significantly influence economic prosperity and sustainability in those places tomorrow," Governor O'Malley said. "The broad coalition of Maryland advocates and the lawmakers who supported and made the Sustainable Communities Act of 2010 happen have contributed greatly toward a sustainable and prosperous future for our state."

The Governor had urged a revitalized, modern version of the Heritage Structure Rehabilitation Tax Credit, whose \$347 million in state investment during the past 14 years had leveraged more than \$1.5 billion in rehabilitation spending by property owners and developers. 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 purpose of the Sustainable Communities Tax Credit is to spark economic stability and neighborhood and town center revitalization in Maryland's existing communities," said Richard E. Hall, AICP, secretary of the

Maryland Department of Planning. "These communities will form the foundation for the future of smart, sustainable growth and development of our state."

The O'Malley administration's bill joined the efforts of the departments of Planning; Transportation; Environment; Business and Economic Development; Labor, Licensing and Regulation, and Housing and Community Development. The program is one of the first in the country to align with the federal strategy on Sustainable Communities. It seeks to better coordinate public investment in transportation, housing and the environment. The Obama Administration's Fiscal Year 2010 Budget includes \$150 million for grants to communities to promote more integrated regional planning and sustainability projects. Maryland's new tax credit program is also one of the first in the nation to link LEED high-performance green building standards with historic preservation.

The new credit expands the existing program beyond historic building renovations to broader areas of revitalization, including properties in Main Street business districts and zones targeted for growth from Transit-Oriented Development (TOD) and the Base Realignment and Closure Act (BRAC).

The new program will also create a common geography for targeting revitalization resources. It will combine and streamline several existing revitalization strategies, including the Community Legacy and Neighborhood Business Development programs. They will be redesignated as Sustainable Communities and approved by the Governor's Smart Growth Subcabinet.

In a new initiative to spur growth in the designated areas, non-historic commercial rehabilitations can receive up to 10 percent of the total tax credit allocation. Individually, the credit for non-historic commercial projects is 10 percent of rehabilitation costs and 20 percent for projects that meet eligibility for historic rehabilitations. The tax credit, which had been due to expire on June 30, 2010, was extended for four years by the General Assembly.

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