Tax Credit Workgroup

Meeting Minutes

Date: Tuesday, August 27th

Agenda:

I.   Introductions
II. Director Robert Cenname presented a detailed slide deck that walked the group through the Newly Constructed Tax Credit.
   a. Director Cenname provided a recap of the previous meeting. He shared the Newly Constructed Tax Credit's background, history, and impact to the homeowner.
   b. He also introduced Matt Muddiman from DR Horton who spoke to some of the views and challenges of the Newly Constructed Tax Credit. Mr. Muddiman answered questions from the TCWG members.
   c. Director Cenname opened the floor to various policy options and asked the group to share their thoughts thus far.
III. Reactions to slide decks
   a. Newly Constructed Tax Credit
      i. The Newly Constructed Tax Credit is applied for by a homeowner within the first 90 days of ownership. One member asked if this tax credit is taken into account for the sales price of a home. Several developers in the room shared that they do not take this credit into account because it is not guaranteed and up to the homeowner to apply and follow through after the transaction. A TCWG member shared several of her clients are often confused by the requirements and fail to apply within the acceptable 90-day window. Furthermore, a few members emphasized the need for education for buyers, lenders, and realtors.
      ii. A decline in funding allocated to this tax credit was noted by several members who wondered why this was the case. A lack of large parcels, high interest rates, fear among prospective homebuyers, and high construction cost were sited as some reasons less folks were going after the tax credit.
   b. Developer Perspective on Tax Credit
      i. Mr. Muddiman shared that this tax credit does not influence a developer and their main concern is the fact that is ends within 5 years. Additionally, he expressed that very few homebuyers know of this credit as many folks just go to a lender, get the amount they can afford and go from there. Mr. Muddiman also shared some challenges either they or other developers have faced in Baltimore including a high property tax rate and high architectural requirements. A member inquired about the

architectural requirements, and it was said that some design requirements can add anywhere from $5,000- $40,000 to a project. Some suggested ideas that would assist with future development included closing cost assistance, allowing builders to use preferred vendors, and assistance with infrastructure costs.

IV. Next Meeting
   a. Thursday, Sep 26, 2024