Division of

Neighborhood Revitalization

Catalytic Revitalization Tax Credit Guidelines

The Catalytic Revitalization Tax Credit Program (CRTC) provides a refundable credit against State income tax for redevelopment of certain former government-owned properties. The program was created to reduce financial barriers to redeveloping chronically vacant state and federal complexes and incentivize their preservation and reuse by the private sector.

Qualified Properties

Limited to out-of-service properties that were formerly owned by the State or federal government **and** served as one of the following:

- College or University
- K-12 school
- Hospital
- Mental health facility
- Military facility or installation

"Out of service" means that the property no longer serves a state or federal government function.

"Owned" means a prior ownership interest in real property pursuant to a:

(a) Deed;
(b) Long term lease,
(c) Federal or State law or legal authority that allowed use and occupation of real property for a governmental purpose or other legal instrument

Applicants

Any individual, non-profit organization or business entity that is proposing to redevelop a qualified property may apply for a tax credit allocation.

Applicants must be in good standing, qualified to do business in Maryland and have legal authority to enter into an agreement with the Maryland Department of Housing and Community Development (DHCD). To demonstrate this, non-profit organizations or business entities will be required to provide the following documentation:

- Current Certificate of Good Standing issued by the Maryland Secretary of State
- Proof of charitable registration (for non-profits only)
- Corporate Resolution
- Signatory Authority

Application Process and Timeline

When tax credits are available, DHCD will publish a Notice of Funding Availability (NOFA) to the DHCD Catalytic Revitalization Tax Credit site with the application form and submission deadline. Tentatively, a NOFA will be published in August of 2026 and 2028 for January 2027 and 2029 tax credit allocations.

Applications will be ranked and rated by an inter-departmental review committee made up of staff from the Maryland Department of Housing and Community Development, the Maryland Department of Planning, Maryland Department of Commerce and Maryland Department of General Services.

Applicants will have an opportunity to host a tour of the property and answer questions from the review committee. Applications will be reviewed more favorably if they contain the following elements:

- Include an affordable or workforce housing component.
- Maximize development of the site and reuse existing historic buildings to the greatest extent possible.
- Capitalize on the property's historical significance and demonstrate the ability to preserve historic architectural features in accordance with state and federal standards.
- Incorporate new uses that create jobs, provide necessary goods and services, and generally foster community and economic development.

DHCD will tentatively announce tax credit recipients by the end of the calendar year in which the NOFA was published and issue an initial tax credit certificate reserving a tax credit allocation. The allocation is calculated as 20% of the estimated development costs; however, the estimated cost of new construction may not exceed 50% of the total development costs.

Claiming the Credit

Credits may be claimed annually as phases of construction are completed, or as a single certification once the entire project is completed. The option to phase the credit is determined by the developer during the initial application process.

Application for certification of a completed project or project phase is due November 1st of the tax year in which the credit will be claimed. For example, if a project or project phase is completed in June of 2028, a request for certification is due November 1, 2028. It will be certified by DHCD by December 31, 2028, and claimed on the 2028 tax return.

The request for certification form must be accompanied by the following documents:

- Narrative summary of the completed work
- Representative photographs of the completed work
- Certification letter from a third-party Certified Public Account verifying the Schedule of Qualified Costs
- Certificate of Good Standing
- If a non-profit, proof of charitable registration
- Corporate Diversity Addendum

Qualified costs include, but are not limited to:

- Architectural, engineering, studies, and surveys
- Site preparation and infrastructure
- Stabilization and rehabilitation of buildings
- New construction (not to exceed 50% of costs) including additions and infill construction
- Indemnity and surety bonds and premiums on insurance
- Fees and permits
- Other costs necessary to redevelop the property and deemed acceptable by DHCD, including costs listed above if incurred prior to applying for the program.

Use of the Credit

The credit is claimed on the CRTC recipient's income tax return and is refundable if the credit exceeds the recipient's tax liability. The credit may also be allocated or transferred in any manner agreed to by the recipient. Please consult the Maryland Comptroller for instructions on using or transferring tax credits.

Special Considerations

Any changes to the project scope of work, timeline, or phasing must be sent to DHCD in advance for review and approval.

DHCD may request an annual progress report each January and a final report that includes project impact data including the total number of buildings rehabilitated, new buildings constructed, acres redeveloped, businesses opened, jobs created, housing units and level of affordability. If DHCD determines that the CRTC recipient ceases pursuing the redevelopment of the property, DHCD may revoke the initial credit certification.

Many former state and federal properties are protected by preservation easements held by the Maryland Historical Trust (MHT). The CRTC recipient is responsible for seeking review and approval of projects by MHT in accordance with the terms of the easement and sharing records of such approvals with DHCD.

If the property is not protected by a preservation easement, all rehabilitation and construction work must comply with the Federal Secretary of the Interior's Standards for Rehabilitation and avoid harm to historic properties in accordance with the Maryland Historical Trust Act. DHCD will assist with coordinating review with MHT as necessary.