

Introduction

MEMORANDUM

September 25, 2009

TO: County Council

FROM: Minna K. Davidson, Legislative Analyst *MKD*

SUBJECT: **Introduction**: Resolution to support application for the State's Community Investment Tax Credit program: Montgomery Housing Partnership, Inc.

The State of Maryland's Department of Housing and Community Development (DHCD) administers the Community Investment Tax Credit (CITC) program which annually awards, on a competitive basis, tax credits which a non-profit organization may exchange with a business for a contribution of cash, goods, or real property. Current information on the Community Investment Tax Credit program from DHCD's website is on © 7-8. All applications must have a resolution of support from the local governing body.

The County Executive recommends that the Council approve a resolution supporting an application from the Montgomery Housing Partnership (MHP) for \$50,000 in tax credits. The Montgomery Housing Partnership is located on Tech Road in Silver Spring, and owns and operates affordable rental homes throughout Montgomery County for families with incomes between 30 percent and 60 percent of the Area Median Income (AMI). MHP's tenants face many obstacles, including lack of education and marketable job skills, language barriers, and food and transportation insecurity, all of which impact their ability to lift out of poverty.

The proceeds from the sale of the tax credits will be used to support MHP's "Community Life" programs. These programs provide supportive instruction for low to moderate income residents of all ages, and include preschools and homework clubs for young children, teen programs and special projects for older youths, and classes and programs for adults to develop useful skills and healthy lifestyles. A list of "Community Life" programs provided by MHP is attached on © 5-6.

Council action is tentatively scheduled for October 6. An approval resolution is attached on © 2-3.

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OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Isiah Leggett
County Executive

MEMORANDUM

September 14, 2009



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RECEIVED
MONTGOMERY COUNTY
COUNCIL

TO: Philip M. Andrews, President
Montgomery County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: Resolution to Support the Application of Montgomery Housing Partnership, Inc. for the State's Community Investment Tax Credit Program

Attached for Council introduction and action is a resolution in support of the application of Montgomery Housing Partnership, Inc. (MHP) for an allocation of \$50,000 in tax credits through the State's Community Investment Tax Credit (CITC) program. In addition to requiring the organization's financial statements, the State also requires a resolution of support from the County in order to approve the project for sale of tax credits to corporations making contributions.

Montgomery Housing Partnership, Inc. is located at 12200 Tech Road, Suite 250, Silver Spring, Maryland 20904. The proceeds of the sale of the tax credits will be used to support the organization's "Community Life" programs. MHP owns and operates affordable rental homes throughout Montgomery County for families with incomes between 30 percent and 60 percent of the Area Median Income (AMI). MHP's tenants face numerous obstacles including lack of education, language barriers, marketable job skills, food and transportation insecurity, all of which impact their ability to lift out of poverty. MHP's Community Life programs offer supportive instruction for tenants of every age to help them acquire the skills they require.

Thank you for introducing this resolution at my request, and for your consideration of the resolution.

IL:swr

Attachment

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Resolution No: _____

Introduced: _____

Adopted: _____

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

SUBJECT: An application by Montgomery Housing Partnership, Inc. to the State of Maryland's Community Investment Tax Credit Program for acquiring Tax Credits

Background

1. The State of Maryland Department of Housing and Community Development (MDDHCD), has established the Community Investment Tax Credit Program.
2. The Community Investment Tax Credit Program (CITC) is a part of the Smart Growth initiative designed to promote efforts to support a variety of projects for special populations, to provide a source of funds for assistance, and to support projects undertaken by the nonprofit sector.
3. CITC provides tax credits to corporations that donate funds to nonprofit organizations that provide services and projects to special population areas throughout the state.
4. Montgomery County supports the provision of supportive instruction for low and moderate income residents of every age to assist them in acquiring the skills to lift out of poverty.
5. Montgomery Housing Partnership, Inc. provides affordable rental homes throughout Montgomery County and also provides supportive instruction for their tenants to assist them in overcoming poverty through their Community Life programs.
6. The proceeds from these tax credits will be used to support MHP's Community Life programs.

Resolution No. _____

7. The County Executive and the County Council support the grant application of the Montgomery Housing Partnership, Inc. (MHP) for \$50,000 in tax credits. This support is given as specified in COMAR 05.14.01.05B(10)(a).

Action

The County Council for Montgomery County, Maryland approves the following Resolution:

Montgomery County supports the project and the application of Montgomery Housing Partnership, Inc. for an allocation of tax credit funds under the Community Investment Tax Credit Program.

This is a correct copy of Council action:

Linda M. Lauer, Clerk of the Council

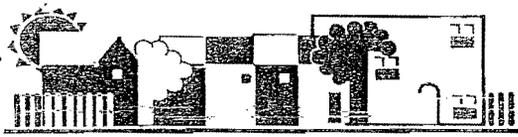
Isiah Leggett, County Executive

Date

Approved as to form and legality:

County Attorney Staff Signature

Date



REC'D AUG - 6 2009

montgomeryhousingpartnership, inc.

12200 Tech Road, Suite 250, Silver Spring, Maryland 20904-1983 • Phone: 301/ 622-2400 Fax: 301/622-2800
www.MHPartners.org

July 28, 2009

Luann Korona
100 Maryland Avenue, 4th Floor
Rockville, MD 20850

Dear Ms. Korona:

On behalf of the Montgomery Housing Partnership (MHP) Community Life Program, I respectfully request that the Montgomery County Council pass a Resolution of Support for the MHP application for participation in Maryland's 2010 Community Investment Tax Credit (CITC) Program. MHP received a CITC award of \$10,000 in 2006, followed by additional allotments of \$10,000 in 2007 and 2008. These funds provided support for MHP's Community Life programs, serving over 350 residents of MHP's affordable housing communities.

MHP is reapplying for \$50,000 in CITC funding in order to continue its Community Life Programs. Community Life programs serve low-to-moderate income residents of all ages, with preschools and homework clubs for young children, teen programs and special projects for older youths, and classes and programs for adults to help them develop useful skills and healthy lifestyles. Please see the attached for a complete list of programs offered.

I hope that Montgomery County will support MHP's efforts to participate in the CITC program again. For your convenience, I have included a sample resolution and a summary budget 2009 for the Community Life Programs. If you have any questions, please call me at 301-622-2400, ext. 14. Thank you.

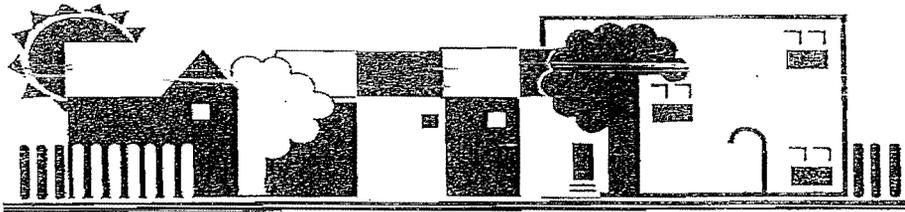
Sincerely,

Robert Goldman
President, MHP



Working Together to Build Strong Communities





montgomeryhousingpartnership, inc.

Working Together to Build Strong Communities

12200 Tech Road Suite 250 Silver Spring, MD, 20904-1993* Phone Number-301-622-2400*

Fax Number-301-622-2800

Homework Club: Children receive tutoring and help completing their homework. MHP's homework clubs meet Monday through Thursday from 3:30 to 5:30 pm. September to June. This program is available at Amherst, Glenville, Great Hope Homes, Greenwood and Pembridge Square. We serve 120 children 6 to 12 years old. The fee for this program is \$40 per family.

Summer Enrichment Program: The purpose of the Summer Program is to provide an array of structured activities for the children during the summer so they can maintain their academic standing at school while having positive experience. The Camp meets 5 hours a day, five days a week during the month of July. While at the camp, children participate daily in literacy programs, outdoor sports, arts and crafts and computer writing projects. The children also go on field trips once a week. This program is available at Amherst, Glenville, Great Hope Homes, Greenwood and Pembridge Square. We serve 108 children 6 to 12 years old. The fee for this program is \$35.00 per family.

Pre-School Group: The purpose of the group is to help pre-school age children get ready for school. The Group is set up as a school where children can play, explore and learn. We serve 45 children, ages 3 to 5. The Group meets three times a week for 1.5 hours. This program is available at Amherst, Great Hope Homes, Greenwood and Pembridge Square. The fee for this program is \$35.00 per family.

Pre-School Group Summer Program: The purpose of the group is to nurture the pre-school's children natural curiosity and to engage them in creativity projects and field trips to the local pool. The children also have activities such as reading, coloring, listening and playing component as part of their daily activities. We serve 45 children, ages 3 to 5. The Group meets for 2.5 hours a day during the month of July. The fee for this program is \$25 per family Amherst, Greenwood, Great Hope, and Pembridge only.

Teen Program: Teenagers have a critical need for strong support in their communities. MHP's Teen Program helps young adults deal with peer pressure, social-economic needs and leadership in their communities. As part of this Program, we organize community workshops and field trips for the teens. The teens meet twice a month. We serve up to 25 youth's age 12 to 16, free.

ESOL Program: The ESOL Program has a standards-based curriculum emphasizing language proficiency. The program's overarching standard is that students will use English to communicate and demonstrate cultural understand. To help them reach this standard, MHP provides ESOL classes twice a week for 4 hours in two semesters. Classes are taught at Amherst and Pembridge Square. The fee is a one time \$25 for the book. The program has 40 students per semester.

Computer Program: MHP's Computer Program is geared towards helping residents learn basic computer skills that can help them succeed at work. The classroom curriculum includes Microsoft's Excel, Power Point, Word and Publisher. Classes meet 4 hours a week from January to December. There is no fee for this program. This program is available at Pembridge Square.

Monthly Health Workshops: The monthly workshops provide residents with the opportunity to learn about health risks affecting their communities and resources available for them in their neighborhoods. This program is available at Amherst and Pembridge, and GHH only.

Learning Parties: Parent child activity that helps parents bond with their children by doing different child development activities. The program is offered once a month, it is free, and it is primarily for parents of pre-school children enrolled in the pre-school program. The program is offered at Greenwood Terrace and Pembridge Square.

Parent Empowerment: Helps parents understand the school system so they can advocate for children. The program is offered once a month and is free. The program is at Greenwood Terrace and Great Hope Homes.

COMMUNITY INVESTMENT TAX CREDITS (CITC) support 501(c)(3) nonprofit organizations by awarding allocations of State tax credits to use as incentives for business contributions.

WHO CAN APPLY **ELIGIBLE PROJECTS** **ELIGIBLE CONTRIBUTIONS** **USEFUL LINKS** **CONTACT** [CITC Directory of Projects](#)



New Beginnings received tax credits to raise funds to support activities that focus on social skills, character building and academics for at-risk youth and their parents.

As part of a competitive application process, 501(c)(3) nonprofit organizations apply to the Maryland Department of Housing and Community Development for tax credit allocations.

Nonprofit organizations utilize the tax credits as incentives for businesses to donate money, goods or real property to support operational and programmatic costs associated with specific, approved projects delivering services to communities across Maryland.

These tax credits are in addition to the deductions on both Federal and State taxes as a result of the charitable contribution. Based on the income and tax structure of the individual business, the net cost of the donation could be as low as \$0.27 for every \$1.00 contributed.

Businesses must use the tax credits against taxes owed for the year in which the contribution was made and may not be used retroactively for taxes from a prior year. Any business contemplating making a donation is encouraged to consult with their accountant or tax professional for information about their specific tax benefits.

Over the past ten years, the Community Investment Tax Credit Program has leveraged almost \$19.8 million in charitable contributions for 296 nonprofit projects.

WHO CAN APPLY

Nonprofit organizations designated a 501(c)(3) organization by the IRS are eligible to apply for CITCs for a project or activity that is either located in or serving a community in a Priority Funding Area. Community Investment Tax Credits are awarded annually through a competitive application process. Nonprofits applying for CITC must maintain "good standing" with the Maryland Department of Assessment and Taxation, as well as, maintain their charitable organization status with the Office of the Secretary of State Charitable Organization Division for the duration of the project. Training is mandatory for those who have either never applied to the Community Investment Tax Credit Program before or for those who have never applied electronically. .

◊ Sample Application (PDF)

Note: This application is for reference only. Applications must be submitted electronically and only after attending the application training.

Once awarded tax credits, nonprofit organizations are required to submit a semi-annual report (PDF) (MS WORD) detailing:

- Project activity
- Use of tax credits/contributions received
- Description of how the organization is marketing the tax credits

In an effort to assist nonprofits with a marketing strategy, DHCD Catalyst offers a "How to Market Tax Credits" workshop prior to each funding round.

Nonprofits should consider using Community Investment Tax Credits to complement other State funding programs which offer resources to assist communities with revitalization efforts.

ELIGIBLE PROJECTS & DIRECTORY OF CURRENT PROJECTS

Projects must be located in or serve residents of a Priority Funding Area and typically involve activities such as:

- Education and Youth Services
- Housing and Community Development
- Job and Self-Sufficiency Training
- Enhancing Neighborhoods and Business Districts
- Arts, Culture and Historic Preservation
- Economic Development and Tourism Promotion
- Technical Assistance and Capacity Building
- Services for At-Risk Populations



Sandtown Habitat's tax credits are raising contributions to construct homes for purchase by low and very low-income families in the Sandtown-Winchester neighborhood of Baltimore City.

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ELIGIBLE CONTRIBUTIONS

Contributions of money, goods or real property worth \$500 or more are eligible for Tax Credits. Contributions of services or labor are not eligible for tax credits. Businesses may claim a maximum of \$250,000 in tax credits per year, representing \$500,000 in contributions.

Any entity that conducts a trade or business in the State and is subject to: the State income tax on individuals or corporations; the public service company franchise tax or the insurance premiums tax can make a contribution. These types of entities generally include corporations, public utility companies, insurance companies, financial institutions, S corporations, partnerships, sole proprietorships and limited liability corporations.

Businesses making donations are required to complete a simple one-page form (PDF) and submit it to the nonprofit organization receiving the contribution, along with documentation of the value of the contribution. Businesses that wish to donate real property must contact the Maryland Department of Housing and Community Development/Community Investment Tax Credit Program for approval prior to making the donation.

Businesses that make charitable contributions benefit by:

- Reducing their Maryland tax liability
- Helping a local nonprofit organization achieve an essential community goal
- Making a targeted community impact
- Improving community relations and increasing their visibility
- ◊ Improving community relations and increasing their visibility

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◊ [CITC Directory of Projects](#)

USEFUL LINKS

The following documents and links may be useful to both businesses making contributions as well as nonprofit participants with the Community Investment Tax Credit Program. This information is for reference only and any business contemplating making a donation, that has questions about their specific tax advantages, is encouraged to consult with their accountant or tax professional:

- [Maryland Department of Assessments and Taxation](#)
- [Comptroller of Maryland](#)
- [Link to IRS Publication 526 – Charitable Contributions \(PDF\)](#)
- [Link to IRS Publication 561 – Determining the Value of Donated Property \(PDF\)](#)
- [Maryland Secretary of State](#)

FOR MORE INFORMATION

Dayna Harris
Project Manager
410-514-7241
1-800-756-0119, Ext: 7281
Or Email harrisd@mdhousing.org



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Pyramid Atlantic used tax credits to raise matching funds for a National Endowment for the Arts grant to support visiting artists working with Maryland high school students and teachers.

[ELIGIBLE PROJECTS](#) [FOR NON PROFITS](#) [ELIGIBLE CONTRIBUTIONS](#) [USEFUL LINKS](#) [CONTACT](#) [CITC Directory of Projects](#)

[Legal Notices & Privacy Policy](#) [Directions](#) NeighborhoodRevitalization@mdhousing.org

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