

FROM	NAME & TITLE	CHRIS RYER, DIRECTOR	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	DEPARTMENT OF PLANNING 8 TH FLOOR, 417 EAST FAYETTE STREET		
	SUBJECT	CITY COUNCIL BILLS #20-0587, #20-0588, 20-0589		

DATE:

September 11, 2020

TO

The Honorable President and
Members of the City Council
City Hall, Room 400
100 North Holliday Street

At its regular meeting of September 10, 2020, the Planning Commission considered the following bills:

- City Council Bill #20-0587 – Perkins Somerset Oldtown Development District
- City Council Bill #20-0588 – Perkins Somerset Oldtown Bond Issuance; and
- City Council Bill #20-0589 – Perkins Somerset Oldtown Special Taxing District

In its consideration of these Bills, the Planning Commission reviewed the attached staff report, which recommended approval of each of these Bills, and adopted the following resolution; nine members being present (nine in favor):

RESOLVED, That the Planning Commission concurs with the recommendation of its departmental staff, and recommends that City Council Bills #20-0587, #20-0588, and 20-0589 each be passed by the City Council.

If you have any questions, please contact Mr. Eric Tiso, Division Chief, Land Use and Urban Design Division at 410-396-8358.

CR/ewt

attachment

cc: Mr. Nicholas Blendy, Mayor's Office
Mr. Matthew Stegman, Mayor's Office
Ms. Nina Themelis, Mayor's Office
The Honorable Edward Reisinger, Council Rep. to Planning Commission
Mr. Colin Tarbert, BDC
Ms. Livhu Ndou, BMZA
Mr. Geoffrey Veale, Zoning Administration
Ms. Stephanie Murdock, DHCD
Ms. Elena DiPietro, Law Dept.
Mr. Francis Burnszynski, PABC
Mr. Liam Davis, DOT
Ms. Natawna Austin, Council Services
Mr. Dominic McAlily, Council Services



Bernard C. "Jack" Young
Mayor

PLANNING COMMISSION

Sean D. Davis, Chairman

STAFF REPORT



Chris Ryer
Director

September 10, 2020

REQUEST: City Council Bill #20-0587/ Perkins Somerset Oldtown Development District
City Council Bill #20-0588/ Perkins Somerset Oldtown Bond Issuance
City Council Bill #20-0589/ Perkins Somerset Oldtown Special Taxing District

RECOMMENDATIONS: Approval of CCBs #20-0587, CCB #20-0588 and CCB #20-0589

STAFF: Tamara Woods

PETITIONER: The Administration (Department of Housing and Community Development)

SITE AREA

General Area/Site Conditions: The Perkins Somerset Oldtown TIF area is in East Baltimore, just east of Downtown Baltimore. The area is mostly residential with some neighborhood supportive retail and office, recreation centers, schools and parks. a mix of manufacturing, production and utility uses, as well as several parks. The PSO transformation zone is a 244-acre transformation zone area that touches five neighborhoods (Oldtown, Dunbar-Broadway, Washington Hill, Fells Point, and Little Italy) and includes two public housing developments (Perkins and Douglas Homes), the site of the former Somerset Homes development, Pleasant View Gardens (formerly LaFayette Courts, redeveloped under HOPE VI).

This area is home for 5,939 residents living in 2,122 households that are predominantly renters (89%) and with a 60% poverty rate. Today Perkins Homes contains 629 public housing units built in 1942. The property is rapidly deteriorating and the capital needs at the property far exceed available funding to address them.

HISTORY

- Somerset Homes is public housing site is currently vacant. There were no funds to redevelop Somerset at the time it was demolished in 2008/2009.
- The Oldtown site is the site of a once vibrant pedestrian market which closed in 1996 and was razed in 2002. (The existing Local Historic District portion of the Mall is not included.)

CONFORMITY TO PLANS

This request is compatible with the Comprehensive Master Plan for Baltimore City, specifically:

- LIVE Goal 1 (Build Human and Social Capital by Strengthening Neighborhoods), Objective 5 (Increase the City Population by 10,000 Households);

- LIVE Goal 2 (Elevate the Design and quality of the City’s Built Environment), Objective 3 (Promote Mixed-Use Development to Reinforce Neighborhood Centers and Main Streets); and
- PLAY Goal 3 (Increase the Health of Baltimore’s Natural Resources and Open Spaces for Recreation and to Improve Water Quality).

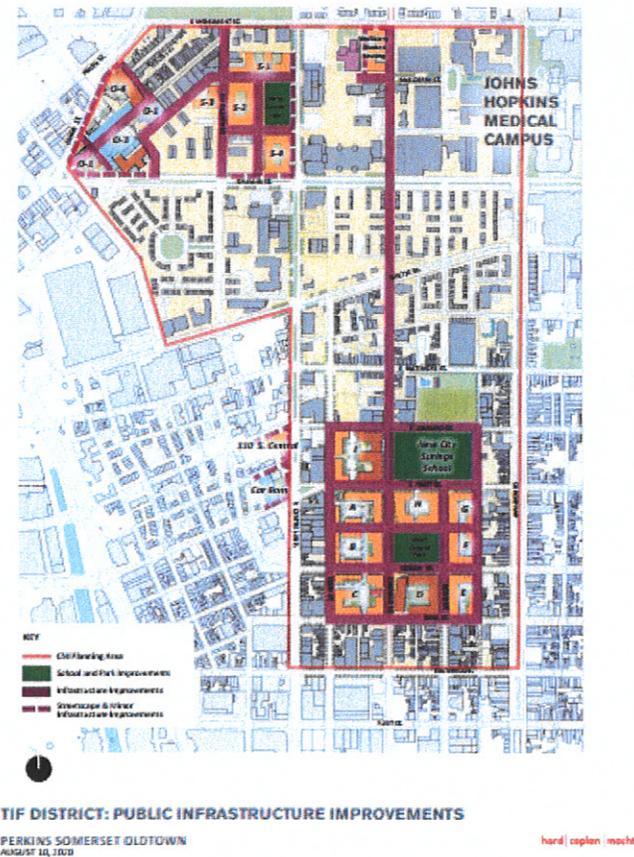
In addition, the request is compatible with the Perkins-Somerset-Oldtown (PSO) Transformation Plan, which was completed as part of the HUD Choice Neighborhood Implementation grant application, as well as both the Oldtown Redevelopment Plan and Jonestown Vision Plan.

BACKGROUND

The Perkins-Somerset-Oldtown Transformation plan proposes to transform the Perkins public housing complex and the former Somerset Homes public housing complex, in addition to the Oldtown Mall site in East Baltimore. The PSO transformation zone is a 244-acre transformation zone area that touches five neighborhoods (Oldtown, Dunbar-Broadway, Washington Hill, Fells Point, and Little Italy) and includes two public housing developments (Perkins and Douglas Homes), the site of the former Somerset Homes development, Pleasant View Gardens (formerly LaFayette Courts, redeveloped under HOPE VI), and is adjacent to Latrobe Homes and Albemarle Square (formerly Flag House, and also redeveloped under HOPE VI).

The PSO Housing Plan (tied to the \$30 million Choice Neighborhoods Implementation grant) includes demolishing 629 obsolete public housing units densely concentrated at Perkins Homes and replacing them with 1,346 mixed-income housing units in nine phases. The overall plan proposes:

- 652 brand new replacement units, 304 low income units, and 390 unrestricted market rate units will be spread across the Somerset and Perkins sites.
- New low-income units that will average 60% of AMI, with none above 80% Area Median Income (AMI).
- Outside of the PSO Housing Plan, but in the PSO transformation zone: Two phases in the Perkins area will total 536 new units, with 429 unrestricted, market rate units and 107 units restricted to households with incomes below 50% of AMI.
- An additional housing phase in Oldtown will include a total of 290 new units, with 136 unrestricted, market rate units and 154 units restricted to households with incomes averaging 60% of AMI, with none above 80% of AMI.
- A renovated and expanded Chick Webb Recreation Center
- New City Springs Elementary School
- Renovated City Springs Park
- Two New Parks
- New and renovated roads, sidewalks, bike lanes, drinking water, gas, electric and sewage infrastructure, as well as, fiber optic cabling

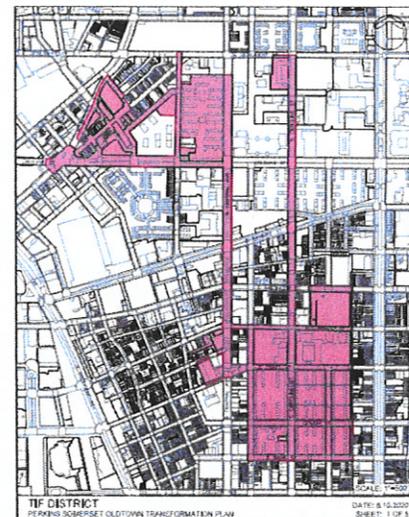


The PSO revitalization is expected also spur redevelopment of housing and amenities adjacent to the PSO transformation zone. PSO focuses redevelopment among three core strategies: Housing, Neighborhoods, and People. The focus on holistic improvement to the residents' quality of lives includes broader public safety strategies, job training and other human services, as well as economic development benefits through the planned addition of a grocery store, office, retail and a business incubator center.

ANALYSIS

City Council Bills #20-0587, CCB #20-0588 and CCB #20-0589 are the required legislation that will work in concert to establish a TIF structure to aid in the redevelopment of the Perkins-Somerset-Oldtown transformation area. Though the PSO Transformation Zone is much larger than the proposed TIF District and there are many additional proposed projects within the broader plan area, the proposed TIF District is meant to focus The TIF will fund primarily the school, the parks, and the core city infrastructure needed to rebuild Perkins, Somerset and Old Town as shown in the TIF District map.

Briefly, TIF is a public financing mechanism by which jurisdictions can dedicate new property tax revenue generated by a private development project within a specific geographic area to finance the construction of public infrastructure in support of that private development. The TIF is calculated based on the level of property tax collected before redevelopment (the “Base Value”) compared to the estimated, post-development new tax revenues (the “Incremental Value”). The difference between the Base and the Incremental Values and taxes collected as a result of the redevelopment project is the “Tax Increment”. The Tax Increment collected by the



jurisdiction is used to repay special obligation bonds which have been to finance the construction of the public infrastructure. In evaluating the TIF application, the Department of Finance used what is called the “But For” test, which simply means that but for the TIF, the redevelopment is economically infeasible.

What follows is a brief explanation of each bill:

- City Council Bill #20-0587/ Perkins Somerset Oldtown Development District

The Development District simply refers to the geographic area in which the tax increment can be collected and the TIF bond proceeds spent. This bill designates the boundaries of a “development district” to be known as the “Perkins Somerset Oldtown Development District”, which is approximately 65 acres. The legislation also allows for various matters in connection with the establishment of the development district including creating a special tax increment fund for the development district, allocating certain property taxes to that fund, making certain findings and determinations, providing for a special effective date, the establishment and use of the special tax increment fund to provide for the payment by or reimbursement to the City for debt service.

Schedule I in City Council Bill #20-0587 for the creation of the TIF Development District describes the “Project” and the infrastructure improvement categories that are proposed to be funded with TIF proceeds. The descriptions of the types of infrastructure improvements that are permitted to use TIF funds include:

1. The design, installation, development, construction or reconstruction, renovation, improvement, landscaping, equipping, and realignment of street and road improvements to, from, and within the Development District, and other related costs, including (without limitation):
 - a. streets and roads that contain pedestrian walks, bike paths, and improvements related thereto (including, but not limited to, bus stops, bike racks, and benches);
 - b. intersections, curbs, gutters, sidewalks, lighting, signage, street markings, signals, ramps, and other improvements, furnishings, or equipment related thereto, which may include items, structures, or improvements relating to transit, pedestrians, and bicycles;
 - c. any other improvements which are designed to improve traffic flow to and from the Development District or otherwise necessary to the foregoing;
2. The design, installation, development, construction and reconstruction, renovation, improvement and equipping of utilities, and any necessary environmental remediation related thereto, and other related costs, including (without limitation):
 - a. water, sewer and sewage facilities, lighting, underdrains, electrical service, ductbanks, and conduits;
 - b. water meter vaults and sanitary lift stations; and
 - c. stormwater management facilities, including (without limitation), drains, gardens, the protection of wetlands, structural improvements, foliage, and bioretention facilities;

3. The design, installation, development, construction and reconstruction, renovation, improvement, installation, and equipping of public parks, green space, and other open spaces and other related costs, including (without limitation):
 - a. required earthwork, sitework, foliage, furnishings, equipment, lighting, signage, and multimodal structures and facilities and
 - b. indoor and outdoor public recreational fields, facilities, pools, structures, and amenities, public restrooms, shade structures, and comfort stations;
4. The cost of purchasing, leasing, or otherwise acquiring land or other property, or an interest in them, in the Development District or as necessary for a right-of-way or other easement to or from the Development District;
5. Site removal, including (without limitation) demolition, site preparation, earthwork, clearing, grading and filling, erosion and sediment control, soil cut, infill or removal, capping, and necessary environmental remediation;
6. The construction or rehabilitation of buildings provided that such buildings (i) are to be devoted to a governmental use or purpose, including but not limited to buildings, facilities, or structures to be used as a school or uses ancillary to a school, (ii) are abandoned property; (iii) are distressed property; or (iv) will provide units of affordable housing;
7. Surveys and studies, including (without limitation) designs, plans, drawings, specifications, and estimates of cost and of revenues, in each case related to the foregoing;
8. The relocation of businesses or residents; and
9. The acquisition, construction, reconstruction, renovation, design, and development of other related infrastructure or other improvements as permitted by the Acts that are necessary for the completion of the foregoing for their intended public purposes.

▪ City Council Bill #20-0588/ Perkins Somerset Oldtown Bond Issuance

This bill authorizes the City to issue special obligation bonds not to exceed the sum of \$105,000,000. This value is based on the approximately \$77,000,000 total estimated cost for public infrastructure improvements, plus issuance costs, administrative expenses and reserves. Additional infrastructure projects are proposed to be funded by a combination of Federal, State, and private funding sources. A breakdown is shown below from the Special Tax Report included as Exhibit 4 CCB #20-0589- Special Taxing District.

Table B
Public Improvements

Costs	Total
Roads	\$28,161,815
City Springs School	\$20,849,485
Parks	\$2,578,178
Utilities	\$16,251,042
Miscellaneous	\$8,199,290
Total public improvement costs	\$76,039,810

The public improvements and the corresponding costs are subject to change.

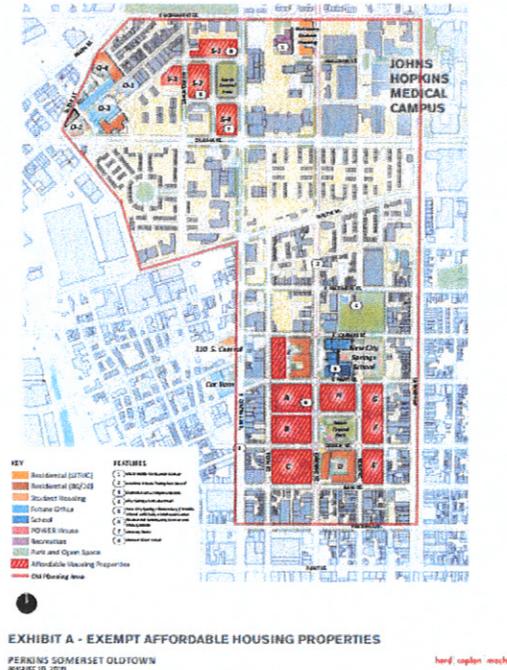
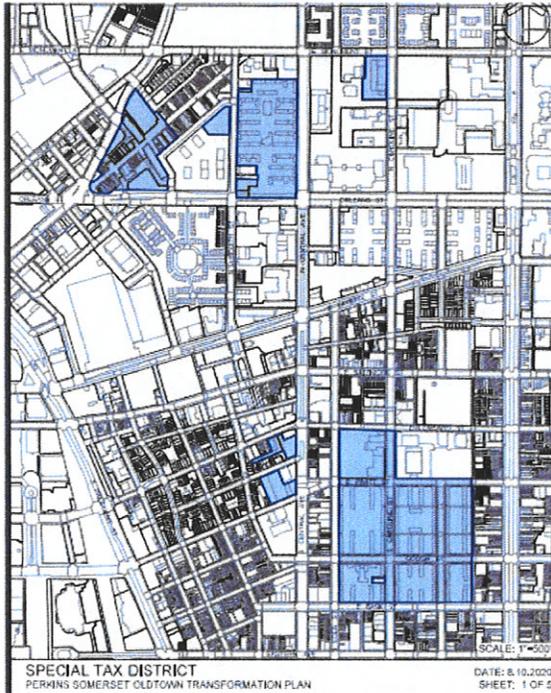
This bill authorizes the issuance of special obligation bonds and the pledge of Tax Increment Revenues and Special Tax Revenues to the payment of the debt service. It is also for the purpose of financing infrastructure improvements and related costs, including, without limitation, the Project costs, including, without limitation, the Project and other necessary improvements to, from, or within the development district, as well as, certain other infrastructure improvements legally permitted in Article II, Section (62A) of the Baltimore City Charter.

In addition, this bill outlines the method and sources of payment for the special obligation bonds and authorizes the Board of Finance to specify, prescribe, determine, provide for and approve the details, forms, documents or procedures that are necessary. It also provides that the City, in each fiscal year in which any such bonds are outstanding, use its best efforts to obtain the appropriation of the Tax Increment Revenues and the Special Tax Revenues in the amounts and at the times specified in a trust agreement or agreements between the City and a bank or trust company appointed as trustee in the Contribution Agreement(s).

▪ City Council Bill #20-0589/ Perkins Somerset Oldtown Special Taxing District
The Perkins Somerset Oldtown Special Taxing District is being created to facilitate the financing of all or a portion of the costs of public improvements for the District, including costs related to the issuance of the bonds. The proceeds of the bonds are expected to finance the cost of the improvements, issuance and other related costs, capitalized interest, and a reserve fund. Through this legislation, the City will be able to levy a special tax each year to provide funds for the payment of debt service on the bonds, to replenish reserves if needed, cover the cost of administration of the District, and fund other costs related to the bonds. The legislation also includes Exhibit 3 “Special Taxing District Ordinance - Rate and Method 20-0589”. This exhibit states among other things that:

- The Special Tax to be collected from a Parcel may be increased as a result of a default in the payment of the Special Tax on another Parcel.
- The Special Tax Requirement may be increased by ten percent as a result of defaults in the payments of Special Taxes on other Parcels.
- The special tax rate on personal property shall be zero.
- A Special Tax is not levied on and shall not be collected from Public Property or Exempt Property which includes Exempt Affordable Housing Property, Owner Association Property, Utility Easement Property, and any other property that is not subject to real property taxes, unless the owner consents in a form acceptable to the City to being subject to Special Taxes (shown below).

The Special Taxing District is comprised of approximately 60 acres of a larger 65-acre Perkins Somerset Oldtown Development District.



If approved, the TIF legislation would allow for the construction of a new City Springs Elementary school, two new parks (North Central Park and South Central Park) and new/improved infrastructure to support the proposed 2,172 mixed-income units in the plan area, new grocery store, Oldtown Mall and neighborhood retail. This TIF would allow for implementation of many projects in the plans and has the potential to generate significant gains, among them new jobs, new residents, new taxes, new public amenities and new long-term affordable housing adjacent to Downtown and waterfront neighborhoods.

Staff also considered information provided by the Housing Authority of Baltimore City, the Department of Housing and Community Development, the Department of Finance and the City’s Financial Advisor, MuniCap, Inc. In addition, there are several safeguards put in place to help with risk mitigation. They include:

- The bonds shall be issued in phases.
- The developer must demonstrate firm funding commitments not only for horizontal construction but also the vertical development before the bonds are issued.
- Each issuance of bonds will have to be approved by both the Board of Estimates and the Board of Finance.

In addition, the long-term benefits from this project are expected to be substantial for the City. The de-densification of public housing is a hallmark of this redevelopment, and through it, the creation of a vibrant set of mixed-income, mixed-use communities. The Perkins-Somerset-Oldtown project is a unique, once-in-a-lifetime opportunity to reverse decades of disinvestment and intergenerational poverty, concentrated within a compact area just a short walk from City Hall. The proposed TIF, provides a substantial portion of the match to the Choice Neighborhoods Implementation grant from the U.S. Department of Housing and Urban Development.

The City of Baltimore has already committed a significant capital match as a part of the Choice Neighborhoods grant and intends on using the TIF proceeds for the majority of that match. The beneficiaries of this TIF will not only be the people of Baltimore as a whole but specifically the residents who currently live in the transformation area, those who will move here to live, to work, and to enjoy amenities that are missing from this area of Baltimore.

RECOMMENDATION

Based on the analysis above and alignment to the City's goals, Planning Staff recommends that the Planning Commission approve the following bills: City Council Bill #20-0587/ Perkins Somerset Oldtown Development District, City Council Bill #20-0588/ Perkins Somerset Oldtown Bond Issuance, and City Council Bill #20-0589/ Perkins Somerset Oldtown Special Taxing District.

COMMUNITY NOTIFICATION

Notification for this item was done via email to a list of approximately 32 recipients, which included both individuals and organizations. The following community organizations were included in this notification: Little Italy Neighborhood Association, Fells Point Task Force, Albemarle Square, Albemarle Square Tenants' Associations, Somerset Extension Tenant Council, Stirling Street Neighbors, Stirling Street Residents, Broadway Overlook Tenant Council (president), Broadway Overlook Tenant Council (vice-president), VOLAR – Village of Love and Resistance, RJY Chick Webb, Ashland Park Mews Condo II, ReBUILD Johnston Square, HEBCAC, Waters Tower Senior Apartments, Lester Morton Courts Apartments, Waters AME, Fountain Baptist Church, East Baltimore Historical Museum, Forrest Street Apartments and The Honorable Robert Stokes and The Honorable Brook Lierman.

In addition, this area was properly posted in accordance with the Rules and Regulations of the Planning Commission prior to this hearing.



Chris Ryer
Director