



BALTIMORE CITY COUNCIL HOUSING & ECONOMIC DEVELOPMENT COMMITTEE

Mission Statement

The Housing & Economic Development Committee is dedicated to fostering equitable growth and opportunity across Baltimore while addressing historic injustices, such as redlining and other discriminatory policies. Our goals include eliminating vacant properties, ensuring affordable housing, promoting sustainable development, and driving economic growth, job creation, and community revitalization through equitable policies and targeted strategies. By utilizing transparent governance, collaboration, and innovative solutions, we strive to enhance the quality of life for all residents.

**The Honorable James Torrence
CHAIR**

PUBLIC HEARING

9/30/2025

5:15 PM

CLARENCE "DU" BURNS COUNCIL CHAMBERS

Bill: LO25-0027

Title: Accuracy of VBN & Noncontiguous TIF



Meeting: Legislative Oversight Hearing

Committee: Housing & Economic Development

Bill # LO25-0027

Title: Accuracy of VBN & Noncontiguous TIF

Purpose: For the purpose of calling relevant City Agencies and Representatives, as well as 3rd party stakeholders, to review and discuss the City's policies around and implementation of Vacant Building Notices (VBN) & the Noncontiguous Tax Increment Financing (TIF).

REPORTING AGENCIES

| Agency | Report |
|--|--------|
| Department of Housing & Economic Development | |
| Law Department | |
| Finance | |

BACKGROUND

What is a TIF

Tax Increment Financing (TIF) is a financing tool that captures and uses increased property tax revenues from new development within a defined geographic area to fund public infrastructure.

Legislative Background

In 2024, the City passed ordinances empowering it to designate the City as a non-contiguous TIF (Tax Increment Financing) area to allow it to issue bonds to help with addressing persistent issues of abandoned properties and their rehabilitation and redevelopment. At the time the bills were passed, Baltimore City had over 13,000 vacant properties. The goal of this TIF is to provide grants for hard construction costs to restore vacant buildings and to cover costs for new public infrastructure to support that housing.

Bills 24-0595 (enactment# 24-443) & 24-0594 (enactment# 24-442) allow for the City to issue up to \$150,000,000 of principal bonds, in tranches of not more than \$65,000,000.

This TIF ordinance is city-wide and is expected to focus on areas of the City with high vacancies. According to a report from the Department of Finance, grants are expected to go to developers as well as some homeowners. The special tax that is often applied to developers in development districts is not necessary because of the large assessment difference between vacant and rehabbed units.

The legislation requires that the administration, before the issuance of bonds, report to the council on:

1. The amount of Tax Incremental Revenues the City has received from the relevant properties
2. The anticipated properties and geographic neighborhoods that will benefit from the proceeds of the proposed bonds to be issued
3. An updated debt study from an independent financial advisor. Which accounts for all forms of debt of the City that exist, or are anticipated to exist, within 6 months of the proposed issuance.

Once Bonds are issued, DHCD must begin to issue an annual report to the Council 120 days after the end of the fiscal year with:

1. The number of projects started & completed in the reporting period.
2. An analysis of the increased value of the properties to show the base value before completion and the current improved value.
3. The actual amount of TIF available for debt service.
4. The status of the debt service repayment with respect to the issued bonds.
5. The amount of grant funds distributed, funded at least partly by the bonds.
6. The estimated amount of grant funds to be distributed, funded at least partly by the bonds, is scheduled for the following year.
7. The geographic distribution of rehabilitation projects that receive a grant during the reporting period.
8. The estimated geographic distribution of rehabilitation projects that expect to receive a grant during the next fiscal year.
9. The number of legacy residents who have benefited from the grants.

Legal Authority

The City is authorized to create TIFs under its Article II powers (section 62). To use this power, the City must:

1. Designate an area or areas of the city as the development district
2. Receive a certification from the Supervisor of Assessment of what the original assessable base is (that is, how much property tax the development district is assessable for)
3. Provide that until the bonds are repaid that the taxes collected in the development district are divided:
 - a. "that portion of the taxes which would be produced by the rate at which taxes levied each year by the Mayor and City Council of Baltimore upon the original taxable value shall be allocated to and when collected paid into the funds of the

Mayor and City Council of Baltimore in the same manner as taxes by the Mayor and City Council of Baltimore on all other property are paid &

- b. that portion of the taxes representing the levy on the tax increment that would normally be paid to the Mayor and City Council of Baltimore shall be paid into a special fund to be applied in accordance with the provisions of subsection (e) of this section. This yield shall not be considered as municipal taxes for the purposes of any constant yield tax limitation or State or local restriction. No State real property taxes may be paid into the special fund.”

Mechanics of A TIF

The City, once it has satisfied the conditions to create a development district and to issue bonds, will:

1. Make its necessary reports to the City Council
2. Go to the State Department of Assessments and Taxation (SDAT) for the issuance of the bonds
3. Make its annual reporting obligations to the City Council
4. Grants funded by the bonds would be administered by DHCD
 - a. The developer incentive program will support small developers and individuals
 - b. All public infrastructure will be subject to an approved developer's agreement.
5. Divide the collected tax revenue from the development area
 - a. A portion is collected as municipal tax
 - b. A portion is collected for the special fund, which can finance
 - i. Rehabilitation of the development district (including but not limited to acquiring land, needed surveys & studies, needed relocation efforts, improvements to the district such as roads, parks, & utilities)
 - ii. Payment on the principal of loans and bonds for the development district
 - iii. debt service which the Mayor and City Council of Baltimore is obligated to pay or has paid (whether such obligation is general or limited) on any bonds or State obligations
 - iv. provide funds to be used for any legal purpose as may be determined by the Mayor and City Council of Baltimore
6. Once the bonds are repaid, the collected tax revenue will then be collected wholly as municipal tax.

Examples of TIFs in Baltimore City include

1. The East Baltimore Development Initiative
2. Harbor Point
3. Poppleton Centre West
4. Port Covington (Pending)

ADDITIONAL INFORMATION

Fiscal Note:

The City is obligated to repay the bonds by committing incremental increases in real property tax revenue from within the TIF development district. To ensure that the City does not take on more debt than it can cover, the \$150 million allowed by the authorization will be broken down into tranches of not more than 65 million. Once the first tranche of bonds is issued, the additional bonds would only be issued if there is sufficient new revenue to cover the debt.

The initial tranche would be covered by properties that were previously vacant and received a use and occupancy permit between 1/1/2023 and the last reassessment before the bonds are issued.

Information Source(s):

- Baltimore City Charter Article II Section 62
 - Department of Finance report Council Bill 24-0594
 - Department of Housing & Community Development report Council Bill 24-0594
 - Department of Finance Presentation Materials (slides in bill file)
 - Department of Housing & Community Development Presentation Materials (slides in bill file)
-

Analysis by: Tony Leva
Analysis Date: 9/18/2025

Direct Inquiries to: 410-369-1091

Baltimore City Council



Housing & Economic Development Committee

Bill: LO25-0027

**Title: Accuracy of VBN & Noncontiguous
TIF**

Agency Reports

Baltimore City Council



Land Use & Transportation Committee

Bill:LO25-0027

**Title: Accuracy of VBN & Noncontiguous
TIF**

Additional Materials



CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

| | |
|----------------|---|
| TO | The Honorable President and Members of the Baltimore City Council |
| FROM | Alice Kennedy, Housing Commissioner |
| DATE | November 12, 2024 |
| SUBJECT | 24-0594 City-Wide Affordable Housing Bond Issuance |

The Honorable President and
Members of the City Council
City Hall, Room 400

November 12, 2024

Position: Favorable

SUMMARY OF POSITION

The Department of Housing and Community Development strongly supports City Council Bill 24-0594, which authorizes the issuance of up to \$65 million in Tax Increment Financing bonds that will be used to finance the City's first Affordable Housing TIF. Bond funds will be used to fund hard construction costs to restore vacant properties and the design and construction of public infrastructure leading to new housing in the City's distressed and disinvested neighborhoods.

Introduction

The Department of Housing and Community Development has reviewed City Council Bill 24-0594, City-wide Affordable Housing Bond Issuance authorizing the issuance of special obligation bonds in an amount not to exceed \$65,000,000 for the purpose of financing costs associated with the rehabilitation of vacant units and the development of affordable housing, certain public infrastructure improvements and other related costs including the development district and certain other improvements permitted by the Tax Increment Act bonds; authorizing the Board of Finance to specify, prescribe, determine, provide for and approve the details, forms, documents or procedures in connection with such special obligation bonds and any other matters necessary or desirable in connection with the authorization, issuance, sale, and payment of such special obligation bonds; authorizing the Board of Finance to specify, prescribe, determine, provide for, and approve the method and sources of such pledge, the details, forms, documents, or procedures in connection with such pledge, and any other matters necessary or desirable in connection with such pledge; providing for a special effective date; providing 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 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 thereunder; and generally relating to the issuance and payment of special obligation bonds.

If enacted, this bill along with its companion bill 24-0595 (development district) would create the City's first Affordable Housing TIF District, that would fund public infrastructure leading to new housing and construction costs associated with redevelopment of vacant residential buildings throughout the City's most distressed and disinvested neighborhoods and providing affordable housing where it is most needed. The TIF was approved by the Board of Finance at their July 15th meeting and by the Planning Commission at their October 10th meeting.

DHCD Analysis

Background

In December 2023, Mayor Scott, the Greater Baltimore Committee (GBC) and Baltimoreans United in Leadership Development (BUILD) presented a 15-year, \$3 billion public-private partnership intended to reduce the City's high vacancy rate using a holistic whole-block approach to identify an outcome for every vacant property on a block.

The City's commitment includes a \$150 million Citywide Affordable Housing TIF. The Council will be asked to approve multiple pieces of legislation that will authorize the issuance of bonds up to \$150 million starting with the \$65 million authorized in Council Bill 24-0594.

Tax increment financing is an implementation tool and is to be used to implement the priorities of the City. This proposed TIF would provide for the issuance of multiple series of bonds in an aggregate amount not to exceed \$65,000,000 to finance the redevelopment of vacant lots and renovation of abandoned homes, along with infrastructure for these homes and neighborhoods. The TIF is intended as one source of funds that will be used to eliminate the City's vacant property inventory.

The Affordable Housing TIF has been determined to be financially feasible by MuniCap, Inc. a Columbia-based firm specializing in tax increment financing and financial analysis, and by PFM Group Consulting LLC and its affiliate, PFM Financial Advisors LLC (collectively, PFM) Public Resources Advisory Group (PRAG) recently updated a debt affordability study for the City and concluded that the City could support the issuance of up to \$150 million in TIF Bonds without negatively affecting the City's debt ratio guidelines. Moreover, there will be no legal or fiscal obligation on the City's General Funds for these TIF bonds, as has been the case with all TIF bonds issued by the City the Offering Statement for the bonds will specifically state that investors assume all of the risk associated with bonds and that the city has no moral or financial obligation to repay the bonds. This is a common approach with TIF bonds throughout the country, as one of the reasons for using tax increment financing is to limit the local government's obligation to the new tax increment revenues that are produced. TIF bonds are readily sold with this limitation, which has been in place for all of the City's TIF bonds.

This TIF is grounded in equitable neighborhood development and addresses more than a decade of citizen and stakeholder concerns that investment was directed towards the waterfront rather

than the neighborhoods that most needed support. The Affordable Housing TIF differs significantly from the City's other TIF Projects as shown in the table below:

| Affordable Housing TIF | Traditional TIF |
|---|---|
| Citywide with a focus on areas with high vacancy rates | Defined project and development area – boundaries are contiguous |
| Uses prior year assessment that includes properties have received a Use and Occupancy permit and are included in the TIF District | TIF Bonds are sold based on development that is ready to proceed: the increased property taxes from the completed development repays the TIF Bond |
| City sponsored with multiple users | One primary developer |
| No special tax as City sponsored and affordable housing | Developer is subject to special tax to ensure sufficient tax revenues |

Permitted Uses, Affordability, & Accessing TIF Funds

In accordance with Article II, Section 62 of the City Charter, TIF bond proceeds will support two uses: hard construction costs to restore vacant properties and design and construction of public infrastructure that will lead to new housing construction. While the Charter defines affordable housing as up to 115 percent of the area median income as defined by HUD and adjusted for family size, the legislation emphasizes targeting TIF funds to households earning 60 percent of the area median income to ensure that both housing and wealth-building is targeted where it is most needed.

Opportunities to request Affordable Housing TIF bond funds will be widely available with an emphasis on ensuring that residents who live or own property in the TIF District, small and emerging developers and women and minority-owned businesses have the same opportunity and access to TIF funds as do larger developers. To that end, DHCD has committed to and is working on a simplified application process similar to its Developer Incentive Program and Charm City Roots.

All TIF funds will be managed by the Finance's Department Bureau of Treasury Management. TIF funds that will be used to support public infrastructure will be made available on a reimbursement basis based on the City's current approval and payment procedures which include review and confirmation of costs and work to ensure that they are TIF-eligible, approval of a Public Works Development Agreement, verification and certification of work by a third-party inspector, submission of costs to DHCD for review and then payment by the Bureau of Treasury Management.

TIF funds requested by individuals, community-based organizations and small businesses and developers will also be required to provide a budget demonstrating how TIF funds will be used and information on how remaining financing will be provided.

Additional details will be provided as part of the legislation's reporting requirements.

Accountability and Transparency

The legislation mandates three reports to ensure that TIF funds are used where they are most needed and that legacy residents are at the forefront of decision making.

1. Prior to requesting Board of Finance approval to sell the TIF Bonds, DHCD is required to provide a report to the Council that includes the following: amount of increment that has been received; properties and neighborhoods (geographies) that will benefit from the proposed bond tranche and an updated debt study that accounts for all debt the City has or may incur within six months of issuing the bonds.
2. The legislation also requires that the City's Chief Equity Officer endorse DHCD's efforts to implement equitable neighborhood development principles by reporting on legacy resident participation and affordability levels.
3. DHCD and the Finance department are required to provide an annual report to the Council describing the number of and types of projects funded, neighborhoods where projects are funded, status of debt service and number of legacy residents benefitting from the use of TIF funds.

Generating Increment and Debt Service Payment

The size of each Affordable Housing TIF bond will be supported by the increase in property taxes within the TIF district.


For the first bond tranche only, the increment will be supported by formerly vacant properties that were redeveloped and received a Use and Occupancy permit between January 1, 2023 and the last reassessment before bonds are issued by the State Department of Assessments and Taxation (SDAT). These properties are citywide within the TIF District, demonstrating the role that middle and choice neighborhoods play in creating a successful TIF program.

Additional bond sales will be supported by a combination of the redevelopment of properties that received an allocation of TIF bond proceeds and other vacant properties that were redeveloped and received a Use and Occupancy permit.

Conclusion

The Affordable Housing TIF is a unique opportunity to address vacancy rates at scale in a way that prioritizes neighborhoods, residents and stakeholders that have often been overlooked and left out of funding decisions. Because they are part of a comprehensive strategy that goes beyond housing, TIF funds will provide comparable mobility and accessibility that makes middle and choice neighborhoods desirable and sought after places to live.

DHCD respectfully requests a **favorable** report on Council Bill 24-0594.

| | | | | |
|------|-----------------------|--|-------------------------------------|---|
| FROM | NAME & TITLE | Jennell Rogers, Chief | CITY of BALTIMORE MEMO |  |
| | AGENCY NAME & ADDRESS | Bureau of Treasury Management 200 Holliday Street, Room 7 | | |
| | SUBJECT | City Council Bill 24-0594 – City-wide Affordable Housing Bond Issuance | | |

TO

DATE:

The Honorable President and
Members of the City Council
City Hall, Room 400

November 7, 2024

Position: Support

The Department of Finance is herein reporting on City Council Bill 24-0594, City-wide Affordable Housing Bond Issuance the purpose of which is intended to provide for the issuance of special obligation bonds or notes in amount not to exceed \$65,000,000 (subject to additional approval for a borrowing program in the aggregate principal amount of \$150,000,000) for financing rehabilitation of vacant units and development of affordable housing and public infrastructure improvements and related costs. The Bill also provides a pledge by the City of tax increment revenues, subject to appropriation, to the payment of debt service on the special obligation bonds.

The Board of Finance has considered and approved the Special Obligation Bond request for this purpose on July 15, 2024; and approved the submission of this legislation to the President and Members of the City Council of Baltimore.

Background

TIF bond proceeds will support two uses: hard construction costs to restore vacant properties and design and construction of public infrastructure that will lead to new housing construction. While the Charter defines affordable housing as up to 115 percent of the area median income as defined by HUD and adjusted for family size, the legislation emphasizes targeting TIF funds to households earning 60 percent of the area median income to ensure that both housing and wealth-building is targeted where it is most needed.

In December 2023, Mayor Scott, the Greater Baltimore Committee (GBC) and Baltimoreans United in Leadership Development (BUILD) presented a 15-year, \$3 billion public-private roadmap intended to reduce the City's high vacancy rate using a holistic whole-block approach to identify an outcome for every vacant property on a block.

The City's commitment includes a \$150 million Citywide Affordable Housing TIF. The Council will be asked to approve multiple legislation that will authorize the issuance of bonds up to \$150 million starting with the \$65 million authorized in Council Bill 24-0594.

Tax increment financing is an implementation tool and is to be used to implement the priorities of the City. This proposed TIF would provide for the issuance of multiple series of bonds in an aggregate amount not to exceed \$65,000,000 to finance the redevelopment of vacant lots and renovation of abandoned homes, along with infrastructure for these homes and neighborhoods. The TIF is intended as one source of funds that will be used to eliminate the City's vacant property inventory.

The Affordable Housing TIF has been determined to be financially feasible by MuniCap, Inc. a Columbia-based firm specializing in tax increment financing and financial analysis, and by PFM Group Consulting LLC and its affiliate, PFM Financial Advisors LLC (collectively, PFM) Public Resources Advisory Group (PRAG) recently updated a debt affordability study for the City and concluded that the City could support the issuance of up to \$150 million in TIF Bonds without negatively affecting the City's debt ratio guidelines. Moreover, there will be no legal or fiscal obligation on the City's General Funds for these TIF bonds, as has been the case with all TIF bonds issued by the City. The Offering Statement for the bonds will specifically state that investors assume all of the risk associated with bonds and that the city has no moral or financial obligation to repay the bonds. This is a common approach with TIF bonds throughout the country, as one of the reasons for using tax increment financing is to limit the local government's obligation to the new tax increment revenues that are produced. TIF bonds are readily sold with this limitation, which has been in place for all the City's TIF bonds.

This TIF is grounded in equitable neighborhood development and addresses more than a decade of citizen and stakeholder concerns that investment was directed towards the waterfront rather than the neighborhoods that most needed support. The Affordable Housing TIF differs from the City's other TIF Projects in the following ways:

| Affordable Housing TIF | Traditional TIF |
|--|---|
| Citywide with a focus on areas with high vacancy rates | Defined project and development area – boundaries are contiguous |
| Uses prior year assessment that includes properties that have received a Use and Occupancy permit and are included in the TIF District | TIF Bonds are sold based on development that is ready to proceed; the increased property taxes from the completed development repays the TIF Bond |
| Many developers as well as some individual homeowners | One primary developer |
| No special tax as the large assessment difference between a Vacant and Rehabbed property provides sufficient increment | Developer is subject to special tax to ensure sufficient tax revenues |

Generating Increment and Debt Service Payment

The size of each Affordable Housing TIF bond will be supported by the increase in property taxes within the TIF district.

For the first bond tranche only, the increment will be supported by formerly vacant properties that were redeveloped and received a Use and Occupancy permit between January 1, 2023, and the last reassessment before bonds are issued by the State Department of Assessments and Taxation (SDAT). These properties are citywide within the TIF District, demonstrating the role that middle and choice neighborhoods play in creating a successful TIF program.

Additional bond sales will be supported by a combination of the redevelopment of properties that received an allocation of TIF bond proceeds and other vacant properties that were redeveloped and received a Use and Occupancy permit.

Fiscal Impact Analysis

The City will have no liability to repay the bonds beyond committing the incremental increase in real property taxes for properties within the TIF district. To ensure there are sufficient funds to repay the bonds, debt will only be issued at a 125% coverage ratio with the tax increment identified to back it. The first tranche will be backed with existing tax increment at a 125% ratio, and future tranches will only be issued if there is sufficient new incremental revenue at a 125% ratio to cover the new debt service.

The only impact to the city's General Fund is the value of the existing tax increment used to fund debt service on the first tranche of bonds, since that increment could have theoretically been used for other purposes. That amount is expected to be between \$2 million and \$3 million annually.

Conclusion

The Department of Finance supports the legislation to authorize the issuance of special obligation bonds and the pledge for the development. The Affordable Housing TIF is a unique opportunity to address vacancy rates at scale in a way that prioritizes neighborhoods, residents and stakeholders that have often been overlooked and left out of funding decisions. Because they are part of a comprehensive strategy that goes beyond housing, TIF funds will provide comparable mobility and accessibility that makes middle and choice neighborhoods desirable and sought after places to live.

For the reasons stated above, the Department of Finance supports City Council Bill 24-0594.

cc: Nina Themelis



Brandon M. Scott
Mayor

City Council Bills 24-0594 and 24-0595

24-0594 City-Wide Affordable Housing Bond Issuance and 24-0595 City-Wide Affordable Housing Development District

PREPARED BY

Department of Housing and Community Development

November 12, 2024

City-Wide Affordable Housing TIF

Areas of Information:

1. Status
2. Overview of the Affordable Housing TIF
3. Vacancy Reduction Initiative
4. 24-0594 City-Wide Affordable Housing Bond Issuance
5. 24-0595 City-Wide Affordable Housing Development District



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Mayor

City Council Bill 24-0594: For the purpose of authorizing the issuance of special obligation bonds in an amount not to exceed \$65,000,000 for the purpose of financing costs associated with the rehabilitation of vacant units and the development of affordable housing, certain public infrastructure improvements and other related costs including the development district

Areas of Information:

1. Authorization amount
2. Key elements of legislation
3. Compliance and reporting
4. Establishing tranches
5. Establishing the increment and repaying the bonds



Brandon M. Scott
Mayor

City Council Bill 24-0595: For the purpose of designating a “development district” to be known as the “City-Wide Affordable Housing Development District” and determining various matters in connection with the development district

Areas of Information:

1. Overview of properties in development district
2. Criteria for selection
3. Amendment



Brandon M. Scott
Mayor

STATUS



Brandon M. Scott
Mayor

Legislation Status

- **May 20, 2024 Board of Finance conceptual approval**
- **July 3, 2024 Council President briefing**
- **July 15, 2024 Council President briefing**
Councilwoman Ramos briefing
Board of Finance approval to introduce legislation
- **August 6, Councilwoman McCray briefing**
- **August 8, 2024 Councilman Glover briefing**
- **August 9, 2024 Councilman Bullock briefing**
Councilman Conway briefing
Councilman Costello briefing
- **August 13, 2024 Councilman Burnett briefing**
- **August 14, 2024 Councilman Cohen briefing**
- **August 15, 2024 Councilman Dorsey briefing**
- **September 17, 2024 Councilman Torrence briefing**
- **September 30, 2024 City Council Introduction**
- **October 10, 2024 Planning Commission approval**
- **October 16, 2024 Councilman Stokes briefing**
- **October 21, 2024 Councilwoman Middleton briefing**
- **October 27, 2024 Council President briefing on updated PRAG study**



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OVERVIEW OF THE AFFORDABLE HOUSING TIF



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Affordable Housing TIF Overview

Overview

- First City TIF to focus on neighborhoods
- Citywide
- Multiple users
- Supports affordable housing
- Creates equitable and mixed-income neighborhoods



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Affordable Housing TIF Objectives

Objectives

- \$65 million bond authorization
- Part of a broader \$150 million TIF strategy over 15 years
- Supports Mayor's 15-year, \$3 billion Vacancy Reduction Initiative
- Provides large-scale infusion of funds to work at scale
- Funds projects city-wide
- Supports a whole-block redevelopment
- Closes appraisal gap – increases property tax revenues
- Builds wealth and equity by emphasizing homeownership
- Ensures every-day residents can request an allocation of funds
- Emphasis on equity: priority given to legacy residents, households earning 60% of area median income, small and emerging developers



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Affordable Housing TIF Implementation

Implementation

- TIF funds will be managed by DHCD
- All funds will be provided as grant
- Funds for small and individuals will be based on DHCD's Developer Incentive Program
- Public infrastructure funding will be subject to approved Developers Agreement
- Funds will be paid based on approved budgets, scopes of work and invoices



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Use of TIF funds

TIF funds can be used for 2 purposes:

1. Hard construction costs to restore vacant buildings
2. Design and construction of new public infrastructure so that construction of new housing can proceed



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VACANCY REDUCTION INITIATIVE

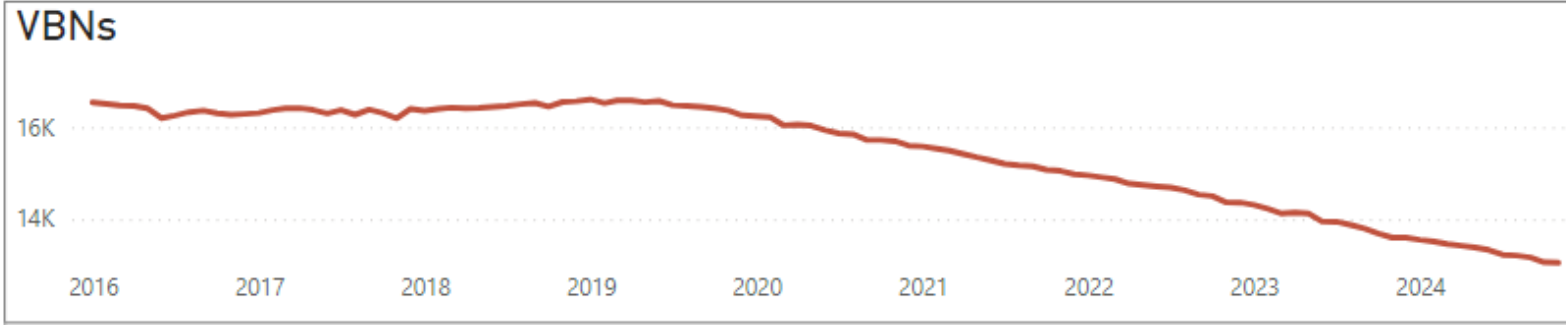


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Vacancy Reduction: 17.6% Decrease since January 2020

13,051

VBN Count



VBN
Ownership

894

City

12,035

Private

122

Other

Partnership to End Vacant Housing Crisis

December 11, 2023

- Historic agreement between BUILD, GBC, and Mayor Scott to address vacant and abandoned housing crisis in the city at scale, over 15 years.
- \$900+ million State commitment (including BVRI, BRNI)
- \$300 million City commitment (including the TIF)



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24-0594 CITY-WIDE AFFORDABLE HOUSING BOND Issuance



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Bond Authorization

Maximum Bonds and Terms and Conditions

- Authorizes the Council to issue up to \$65 million in bonds
- Recognizes goal of \$150 million
- Requires development spending plan that is endorsed by Chief Equity Officer and submitted to Council that prioritizes 1 or more of the following:
- Principal developer is a legacy resident
- Development Plan demonstrates at least 20% of occupants will be legacy residents
- 15% of legacy residents will earn 80% of ami and 15% will earn 60% of ami
- Departments of Finance & Housing prepare annual report that is submitted to Council
- Department of Finance provides updated PRAG study and bond rating

Generating Increment and repaying the bonds

- The size of each TIF bond will be supported by the increase in property taxes within the TIF District
- First Bond Tranche only: increment will be supported by formerly vacant properties that were rehabbed and received a Use and Occupancy permit between January 1, 2023, and the last reassessment before bonds are issued
- Additional bond sales will be supported by a combination of redevelopment of properties that received an allocation of TIF properties and other vacant properties that received a Use and Occupancy permit



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Fiscally Prudent Approach

Approach to selling tranches does not impact City's Bond Rating

- The city requested an updated debt study by the Public Resources Advisory Group (PRAG) that includes TIF scenarios
- Updated PRAG study found that key benchmarks is consistent with the city's current AA GO Bond rating can be maintained in all tested scenarios.
- Scenarios included both gradual and accelerated issuance of either the \$65 million in TIFs authorized under this legislation, or the full \$150 million eventually envisioned in the city's strategy
- All things being equal, the PRAG study notes that selling bonds in multiple tranches across a longer period is the safest approach



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Differences with Other TIFs

- **Non-contiguous approach** allows for direct targeting of vacant properties as well as a comprehensive citywide impact
- **A special tax is not required** because rehabbing vacant properties provides a sufficient assessment increment
- **There is no master developer**, but rather a mix of many developers of all sizes as well as some individual homeowners
- **Debt backed by existing revenue** rather than expected future returns



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No Impact on GO Bonds

DOES NOT IMPACT CITY'S FINANCIAL STANDING OR RESOURCES

- The City has no liability for TIF debt service beyond the legally designated tax increment, as is standard on all TIF bonds
- Debt will only be issued when tax increment revenues in an amount exceeding **125% coverage** of debt service have been demonstrated
- Remaining risk assumed by bond holders
- Any extra property tax revenue above and beyond what is needed for debt service coverage is required to be transferred to the General Fund



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Mayor

Marketability of TIF Bonds

Strong Market Demand for TIF Bond Debt

- Past issues of TIF Bonds, both in Baltimore and nationally, have been significantly oversubscribed
- TIF Bonds without special backing are common nationally
- Baltimore's staggered revenue approach provides additional safety to investors
- Non-contiguous approach means any risk is further diffused across thousands of properties
- TIF bonds carry some interest premium, but it is modest and manageable
- GO bonds are good, but TIF bonds provide a vital accompaniment



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Mayor

24-0595 CITY-WIDE AFFORDABLE HOUSING DEVELOPMENT DISTRICT



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Citywide TIF District

Focuses on disinvested communities

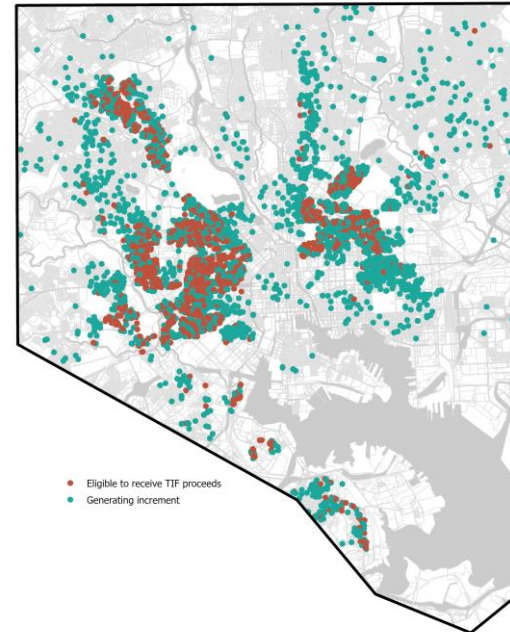
- TIF District includes 7,925 properties located in approximately 197 neighborhoods
- Includes Impact Investment Areas and communities where DHCD is actively working to reduce vacancies and promote new development
- 2 groups of properties
- Properties eligible to receive allocation of TIF funds and
- Properties used to generate increment for the first tranche



Brandon M. Scott
Mayor

Selecting TIF Properties

| Criterion | Properties |
|---|--------------|
| 2023 Rehabs/Sales for First Increment | 1203 |
| 2024 Rehabs/Sales for First Increment (through August 1 st) | 732 |
| VBNs with Open Permits for Increment | 1999 |
| In Rem Eligible VBN | 2296 |
| ARPA Acquisition | 97 |
| MCC-owned VBN | 489 |
| Other VBN Acquisition on Priority Block | 50 |
| Vacant Buildings Necessary for Development Project | 118 |
| Vacant Lots Necessary for Development Project | 941 |
| Total | 7,925 |
| TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF | 3,991 |



Brandon M. Scott
Mayor

TIF Properties by Council District

Focuses on disinvested communities

- TIF District includes approximately 197 neighborhoods
- Includes Impact Investment Areas, Vacancy Reduction and Other Areas of Interest
- 2 groups of properties
- Properties used to generate increment for the first tranche
- Properties eligible to use TIF Funds for public infrastructure and redevelopment



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Summary by Council District

| COUNCIL DISTRICT | TOTAL ORIGINAL PROPOSED PROPERTIES | TOTAL REVISED PROPOSED PROPERTIES |
|------------------|------------------------------------|-----------------------------------|
| 1st District | 7 | 112 |
| 2nd District | 11 | 77 |
| 3rd District | 12 | 50 |
| 4th District | 25 | 118 |
| 5th District | 41 | 113 |
| 6th District | 443 | 772 |
| 7th District | 566 | 960 |
| 8th District | 37 | 166 |
| 9th District | 1,513 | 2,241 |
| 10th District | 148 | 400 |
| 11th District | 133 | 280 |
| 12th District | 740 | 1,246 |
| 13th District | 288 | 858 |
| 14th District | 321 | 532 |
| TOTAL | 4,285 | 7,925 |



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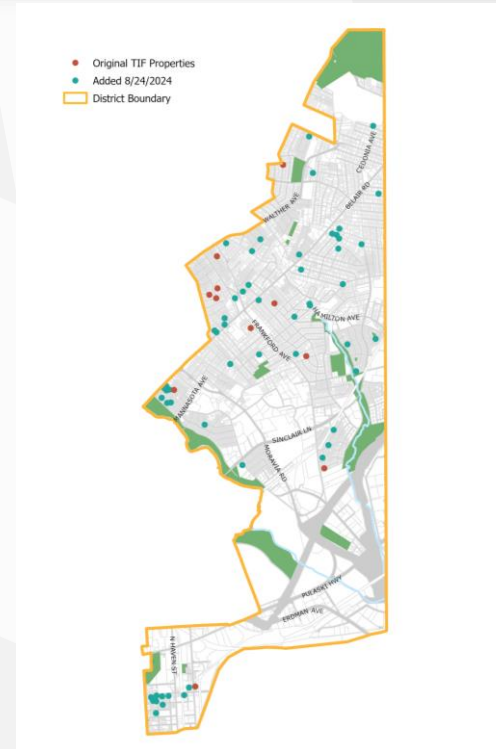
1st Council District

| Criterion | Properties |
|---|------------|
| 2023 Rehabs/Sales for First Increment | 30 |
| 2024 Rehabs/Sales for First Increment (through August 1 st) | 21 |
| VBNs with Open Permits for Increment | 61 |
| In Rem Eligible VBN | 0 |
| ARPA Acquisition | 0 |
| MCC-owned VBN | 0 |
| Other VBN Acquisition on Priority Block | 0 |
| Vacant Buildings Necessary for Development Project | 0 |
| Vacant Lots Necessary for Development Project | 0 |
| Total | 112 |
| TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF | 0 |



2nd Council District

| Criterion | Properties |
|---|------------|
| 2023 Rehabs/Sales for First Increment | 35 |
| 2024 Rehabs/Sales for First Increment (through August 1 st) | 17 |
| VBNs with Open Permits for Increment | 24 |
| In Rem Eligible VBN | 1 |
| ARPA Acquisition | 0 |
| MCC-owned VBN | 0 |
| Other VBN Acquisition on Priority Block | 0 |
| Vacant Buildings Necessary for Development Project | 0 |
| Vacant Lots Necessary for Development Project | 0 |
| Total | 77 |
| TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF | 1 |



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3rd Council District

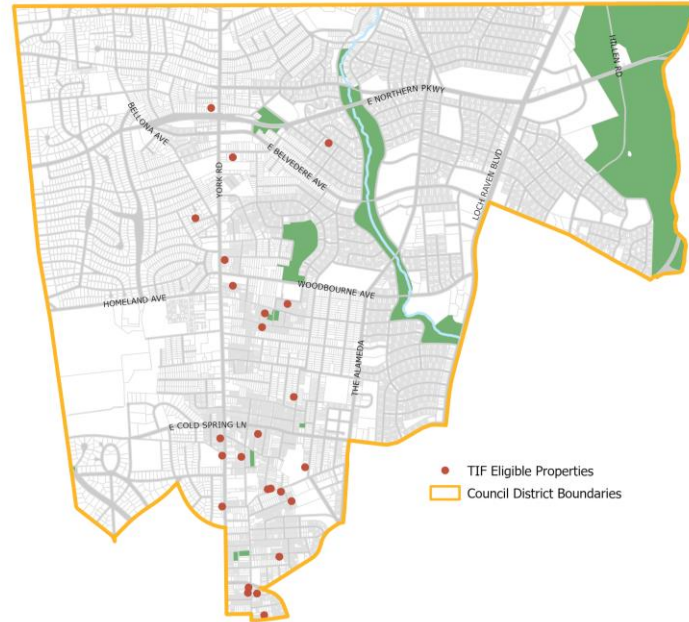
| Criterion | Properties |
|---|------------|
| 2023 Rehabs/Sales for First Increment | 17 |
| 2024 Rehabs/Sales for First Increment (through August 1 st) | 7 |
| VBNs with Open Permits for Increment | 23 |
| In Rem Eligible VBN | 3 |
| ARPA Acquisition | |
| MCC-owned VBN | |
| Other VBN Acquisition on Priority Block | |
| Vacant Buildings Necessary for Development Project | |
| Vacant Lots Necessary for Development Project | |
| Total | 50 |
| TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF | 3 |



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4th Council District

| Criterion | Properties |
|---|------------|
| 2023 Rehabs/Sales for First Increment | 43 |
| 2024 Rehabs/Sales for First Increment (through August 1 st) | 25 |
| VBNs with Open Permits for Increment | 43 |
| In Rem Eligible VBN | 7 |
| ARPA Acquisition | 0 |
| MCC-owned VBN | 0 |
| Other VBN Acquisition on Priority Block | 0 |
| Vacant Buildings Necessary for Development Project | 0 |
| Vacant Lots Necessary for Development Project | 0 |
| Total | 118 |
| TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF | 7 |



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5th Council District

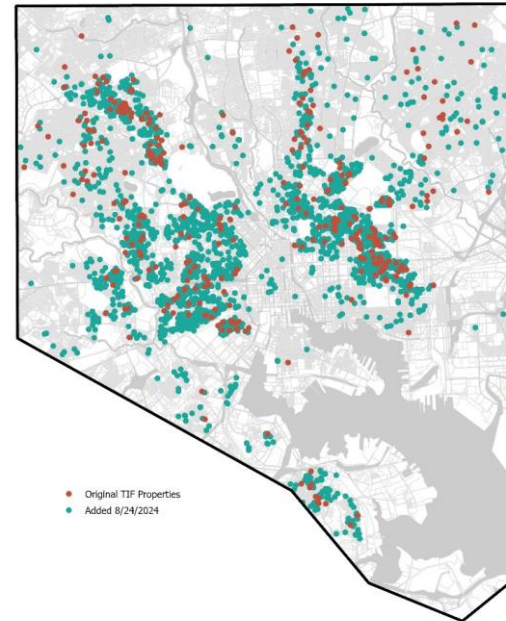
| Criterion | Properties |
|---|------------|
| 2023 Rehabs/Sales for First Increment | 29 |
| 2024 Rehabs/Sales for First Increment (through August 1 st) | 24 |
| VBNs with Open Permits for Increment | 27 |
| In Rem Eligible VBN | 27 |
| ARPA Acquisition | 0 |
| MCC-owned VBN | 4 |
| Other VBN Acquisition on Priority Block | 0 |
| Vacant Buildings Necessary for Development Project | 2 |
| Vacant Lots Necessary for Development Project | 0 |
| Total | 113 |
| TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF | 33 |



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6th Council District

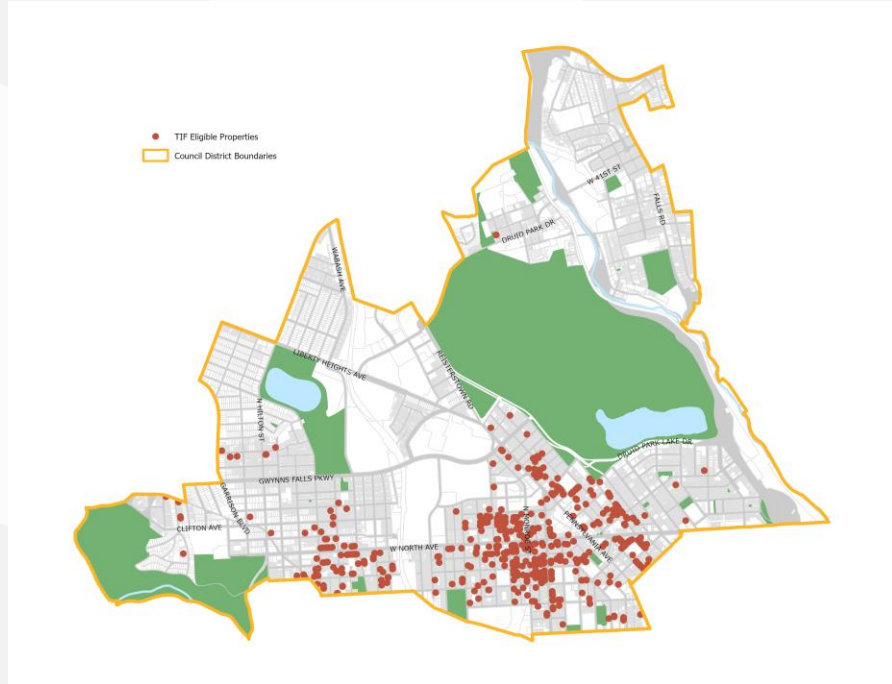
| Criterion | Properties |
|---|--------------|
| 2023 Rehabs/Sales for First Increment | 1203 |
| 2024 Rehabs/Sales for First Increment (through August 1 st) | 732 |
| VBNs with Open Permits for Increment | 1999 |
| In Rem Eligible VBN | 2296 |
| ARPA Acquisition | 97 |
| MCC-owned VBN | 489 |
| Other VBN Acquisition on Priority Block | 50 |
| Vacant Buildings Necessary for Development Project | 118 |
| Vacant Lots Necessary for Development Project | 941 |
| Total | 7,925 |
| TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF | 3,991 |



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7th Council District

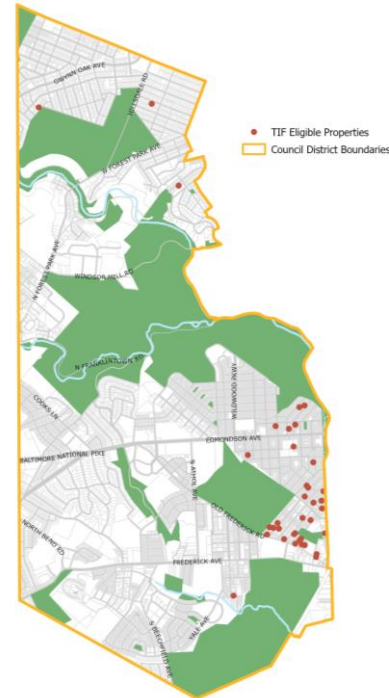
| Criterion | Properties |
|---|------------|
| 2023 Rehabs/Sales for First Increment | 118 |
| 2024 Rehabs/Sales for First Increment (through August 1 st) | 72 |
| VBNs with Open Permits for Increment | 230 |
| In Rem Eligible VBN | 404 |
| ARPA Acquisition | 26 |
| MCC-owned VBN | 59 |
| Other VBN Acquisition on Priority Block | 0 |
| Vacant Buildings Necessary for Development Project | 8 |
| Vacant Lots Necessary for Development Project | 43 |
| Total | 960 |
| TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF | 540 |



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8th Council District

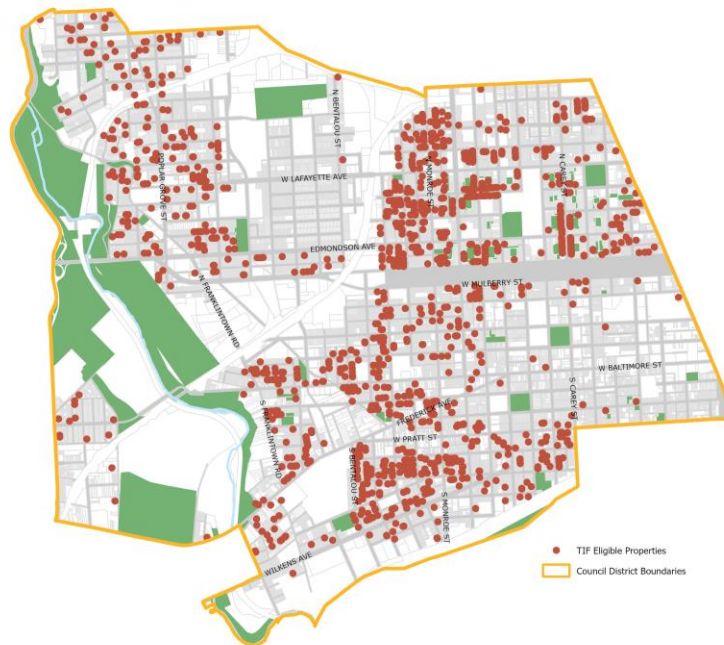
| Criterion | Properties |
|---|------------|
| 2023 Rehabs/Sales for First Increment | 49 |
| 2024 Rehabs/Sales for First Increment (through August 1 st) | 25 |
| VBNs with Open Permits for Increment | 63 |
| In Rem Eligible VBN | 0 |
| ARPA Acquisition | |
| MCC-owned VBN | 1 |
| Other VBN Acquisition on Priority Block | 0 |
| Vacant Buildings Necessary for Development Project | 0 |
| Vacant Lots Necessary for Development Project | 0 |
| Total | 166 |
| TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF | 29 |



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9th Council District

| Criterion | Properties |
|---|-------------|
| 2023 Rehabs/Sales for First Increment | 192 |
| 2024 Rehabs/Sales for First Increment (through August 1 st) | 118 |
| VBNs with Open Permits for Increment | 460 |
| In Rem Eligible VBN | 1024 |
| ARPA Acquisition | 2 |
| MCC-owned VBN | 196 |
| Other VBN Acquisition on Priority Block | 21 |
| Vacant Buildings Necessary for Development Project | 7 |
| Vacant Lots Necessary for Development Project | 221 |
| Total | 2241 |
| TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF | 1471 |



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10th Council District

| Criterion | Properties |
|---|------------|
| 2023 Rehabs/Sales for First Increment | 93 |
| 2024 Rehabs/Sales for First Increment (through August 1 st) | 57 |
| VBNs with Open Permits for Increment | 131 |
| In Rem Eligible VBN | 101 |
| ARPA Acquisition | 0 |
| MCC-owned VBN | 5 |
| Other VBN Acquisition on Priority Block | 13 |
| Vacant Buildings Necessary for Development Project | 0 |
| Vacant Lots Necessary for Development Project | 0 |
| Total | 400 |
| TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF | 119 |



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11th Council District

| Criterion | Properties |
|---|------------|
| 2023 Rehabs/Sales for First Increment | 28 |
| 2024 Rehabs/Sales for First Increment (through August 1 st) | 15 |
| VBNs with Open Permits for Increment | 112 |
| In Rem Eligible VBN | 25 |
| ARPA Acquisition | 19 |
| MCC-owned VBN | 38 |
| Other VBN Acquisition on Priority Block | 6 |
| Vacant Buildings Necessary for Development Project | 6 |
| Vacant Lots Necessary for Development Project | 31 |
| Total | 280 |
| TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF | 125 |



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12th Council District

| Criterion | Properties |
|---|-------------|
| 2023 Rehabs/Sales for First Increment | 150 |
| 2024 Rehabs/Sales for First Increment (through August 1 st) | 93 |
| VBNs with Open Permits for Increment | 292 |
| In Rem Eligible VBN | 231 |
| ARPA Acquisition | 28 |
| MCC-owned VBN | 89 |
| Other VBN Acquisition on Priority Block | 2 |
| Vacant Buildings Necessary for Development Project | 79 |
| Vacant Lots Necessary for Development Project | 282 |
| Total | 1246 |
| TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF | 711 |



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13th Council District

| Criterion | Properties |
|---|------------|
| 2023 Rehabs/Sales for First Increment | 221 |
| 2024 Rehabs/Sales for First Increment (through August 1 st) | 140 |
| VBNs with Open Permits for Increment | 272 |
| In Rem Eligible VBN | 189 |
| ARPA Acquisition | 0 |
| MCC-owned VBN | 36 |
| Other VBN Acquisition on Priority Block | 0 |
| Vacant Buildings Necessary for Development Project | 0 |
| Vacant Lots Necessary for Development Project | 0 |
| Total | 189 |
| TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF | 225 |



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14th Council District

| Criterion | Properties |
|---|------------|
| 2023 Rehabs/Sales for First Increment | 76 |
| 2024 Rehabs/Sales for First Increment (through August 1 st) | 48 |
| VBNs with Open Permits for Increment | 112 |
| In Rem Eligible VBN | 59 |
| ARPA Acquisition | 20 |
| MCC-owned VBN | 20 |
| Other VBN Acquisition on Priority Block | 3 |
| Vacant Buildings Necessary for Development Project | 5 |
| Vacant Lots Necessary for Development Project | 189 |
| Total | 532 |
| TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF | 296 |



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Amendment

Additional 672 Properties

- DHCD is requesting that an additional 672 properties be added to the Development District.
- 66 of these properties are vacant and are being added at the request of DHCD's community development partners and could benefit from TIF proceeds to support development interest.
- The remaining 606 properties will be used to either support increment for the first tranche of bonds or could potentially support a future bond tranche.



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THANK YOU!



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Tax Increment Financing

Department of Finance
Bureau of Treasury Management

Presenter: Jennell Rogers, Chief



What is a TIF?

- Tax Increment Financing (TIF) is a financing tool that capture and uses increased property tax revenues from new development within a defined geographic area to fund public infrastructure.
- Tax Increment represent the taxes collected on the new assessed value within the development district. Revenues generated from properties within the TIF districts are split into two components:
 - ❖ Base Revenues
 - ❖ Incremental Revenues

Base Revenues

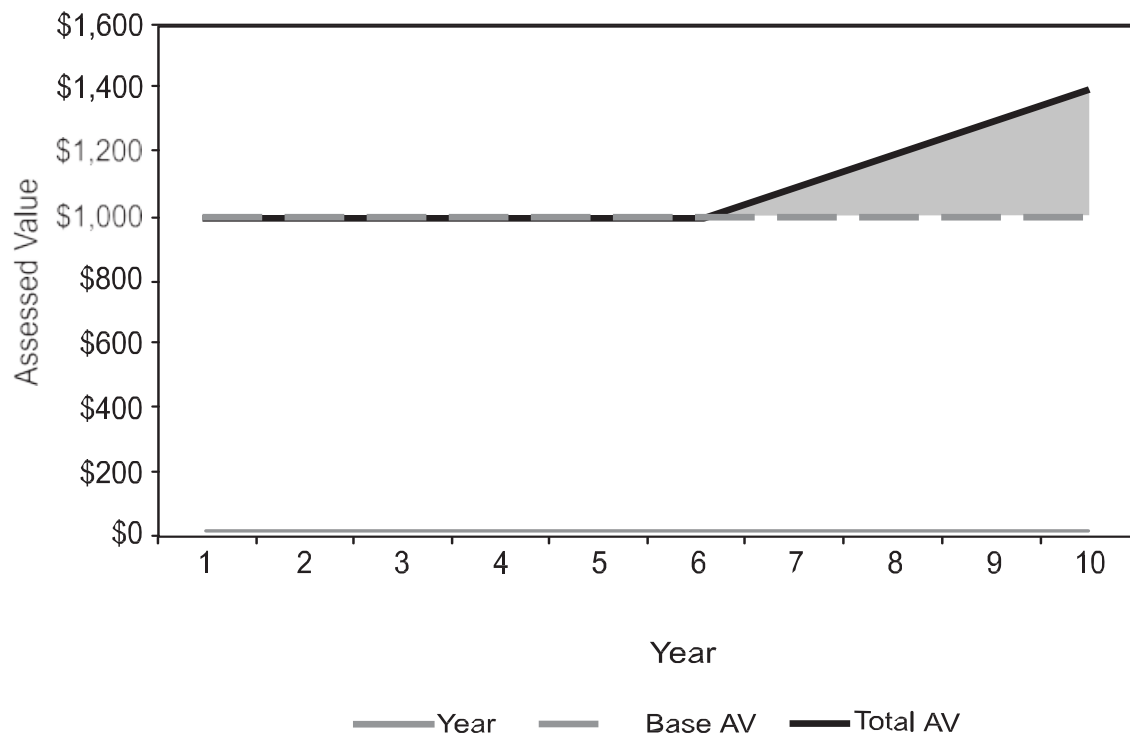
- This is the amount available before the TIF district is established.
- They are shared amongst a mix of local government jurisdictions that have the power to assess property taxes: schools, cities, counties, and special districts.

Incremental Revenues

- These are new revenues in excess of the base revenue that are generated by development projects.
- These monies are allocated to the TIF project.
- Tax rate remains the same inside the development area as other City property, unless there is a revenue shortfall for debt service.

Incremental Revenues

- Incremental Revenues represented by the triangular area are the dollars allocated to the TIF Project.



TIF Mechanics Summary

- Typically TIF bond proceeds are pledged to fund public City-owned improvements.
- Bonds are not backed by the City's full faith and credit.
- TIF revenues not needed for debt service on the bonds go to the general fund.
- When the bonds are repaid, all TIF revenues revert to the general fund as part of normal tax collections.

Why does the City use TIF?

- To encourage development of certain projects that are desirable and in the public interest.
- By capturing future incremental revenue the City is able to undertake economic development activities or provide subsidies that otherwise might not be possible.
- Mechanism used to combat blight or deterioration within city districts or neighborhoods.
- Assist in achieving economic development goals including job creation, growth in property values, and protection of local tax base.

What types of projects are tax increment financing used for?

- The resources are used to prepare land for development or redevelopment.
- TIF revenues are used to underwrite certain public infrastructure such as sidewalk replacement, curb and gutter installation.

TIF Process

- Authority to issue TIF Bonds is established under Article II, Section 62 of the Baltimore City Charter
- Pursuant to Article II Section 62A, bonds should be secured by a special tax levied in the development district.

City's TIF Process

- Step 1:
 - ❖ Coordinating agency develops, evaluates, and approved the TIF proposal. (Baltimore Development Corporation, or Department of Housing and Community Development).
 - ❖ Coordinating agency works with the City's bond counsel, TIF financial advisor and Department of Finance.

City's TIF Process - continued

- Step II: Coordinating agency is responsible for the following:
 - ❖ Proposing the amount of the TIF and confirming the project requires the assistance.
 - ❖ Ensuring the TIF will advance the City's land use, economic development and public improvement goals.
 - ❖ Confirming TIF proposal is consistent with criteria set forth in the City's TIF policies.
 - ❖ Assist with preparing submission package to the submitted to Board of Finance. (TIF Application)

Formal Plan

- Determine the legal boundaries of the TIF.
- Evaluate TIF will support public policy, such as elimination of blight or promote economic development.
- Estimate project timeline and costs.
- Establish the base assessed value and base revenue.
- Project incremental assessed value and incremental revenue.
- “But for” test: economic growth would not occur in absence of TIF-related subsidy.

City's TIF Process - continued

- Step III: Concept approval of the TIF proposal by the Board of Finance.
 - ❖ The Board of Finance is responsible to ensure the TIF proposal is consistent with the City's TIF policies.
 - ❖ The Board of Finance consists of five members: the Mayor, Comptroller, and three member appointed by the Mayor and confirmed by City Council.
 - ❖ They are authorized to determine all matters pertaining to the issuance and sale of certificates of indebtedness.
- Preparation of legislation follow concept approval.

City's TIF Process - continued

- Step IV: Presentation of TIF legislation to the Board of Finance.
 - ❖ The legislation establishes:
 - ❖ Special Tax District
 - ❖ Development District
 - ❖ Bond Issuance Authorization

Special Tax Ordinance

- Special Tax Ordinance
 - ❖ Authorizes establishment of a “special taxing district” and a special fund into which the special taxes levied in the special taxing district are deposited for the purpose of providing financing, refinancing, or reimbursement for the cost of infrastructure improvements.
 - ❖ Authorizes the City to borrow money by issuing and selling Bonds, for the purpose of providing financing, refinancing, or reimbursement for the cost of the infrastructure improvements.
 - ❖ Authorizes the City to use the special tax revenues to pay or reimburse the City for debt service which the City is obligated to pay or has paid.

Development District

- Authorizes the establishment of a development district within Baltimore City.
- Authorizes the establishment of a special tax increment fund for that development district for the purpose of providing funds for the costs of the infrastructure improvements and related costs.

Bond Ordinance

- Authorizes the issuance of special obligation bonds and the pledge, subject to appropriation to the payment of debt service.
- Authorizes the maximum aggregate principal amount for the purpose of financing infrastructure improvements and related costs.
- Authorizes the Board of Finance to structure and approve the financing.

Legislation Process

- Ordinances are submitted to the City Council by the sponsoring agency.
- Ordinances (Bills) submitted by a Council member for introduction to the City Council.
- Council President assigns the bill to Taxation, Finance and Economic Development Committee
- Public Hearings are held.
- If TIF is approved, documents are submitted to the Board of Finance authorizing the bond issuance.

City's TIF Process - continued

- Step V: Approval of TIF legislation by City Council and Mayor.

City's TIF Process - continued

- Step VI: Submission of documents for issuance of bonds to the Board of Finance.
 - ❖ This submission must include the results of due diligence adequate to allow an evaluation of risk.
 - ❖ Board of Estimates may also be required to approve various contracts.

Baltimore City TIF Projects

- *Completed Projects*
 - ❖ Belvedere Square
 - ❖ Clipper Mill
 - ❖ Strathdale Manor
 - ❖ Harborview
 - ❖ North Locust Point
 - ❖ Mondawmin Mall

Baltimore City TIF Projects - continued

- *Projects in Progress*

- ❖ East Baltimore Development Initiative

- ❖ Harbor Point

- ❖ Poppleton Centre West

- ❖ Port Covington (*Pending*)