

MEMORANDUM

To: The Honorable President and Members of the Baltimore City Council
c/o Natawna Austin, Executive Secretary

From: Alice Kennedy, Acting Housing Commissioner *AK*

Date: September 11, 2020

Re: City Council Bill 20-0589 Perkins Somerset Oldtown Special Taxing District

The Department of Housing and Community Development (DHCD) has reviewed City Council Bill 20-0589 for Perkins Somerset Oldtown Special Taxing District for the purpose of designating a “special taxing district” to be known as the “Perkins Somerset Oldtown Special Taxing District”; providing for and determining various matters in connection with the establishment of the special taxing district; creating a special fund for the special taxing district; providing for the levy of a special tax on all taxable real and personal property located in the special taxing district; providing for a special effective date; and generally providing for matters relating to the designation and operation of the special taxing district, the establishment and use of the special fund to provide for the payment by or reimbursement to the City for debt service, which the City is obligated to pay or has paid (whether such obligation is general or limited) on any special obligation bonds or notes issued by the City, the authorization of the pledge, subject to appropriation, of the special tax revenues, pursuant to a Contribution Agreement, to provide for the payment by the State Issuer of the principal of and interest on the applicable State Obligations issued in connection with the special taxing district and other related costs, the replenishment of any reserve fund established for any bonds or State Obligations, and the payment of certain expenses and administrative costs related to the operation of the special taxing district.

If enacted, this bill, along with companion bills 20-0587 (Development District) and 20-0588 (Bond Issuance) would collectively support the redevelopment of Perkins Somerset Oldtown (PSO) by: designating a Development District where tax increment can be collected and how TIF Bonds can be spent; establishing a Special Taxing District which allows the City to levee special taxes to provide funds for the payment of the debt service; and by authorizing the issuance of Special Obligation Bonds to fund public infrastructure projects.

City Council Bill 20-0589 would authorize creation of the Special Tax District. The Special Tax District includes 63 tax parcels that are expected to generate revenue to repay the Special Obligation Bonds. The PSO Transformation Plan anticipates generating increment from more than 200,000 Gross Square Feet of commercial, office and retail space that includes a 50,000 Square Foot grocery store, 120-key hotel, 46,000 Square Feet of office space, and 118,000 Square Feet of retail, along with additional rental units proposed at the following projects: 620 North Caroline Street, Car Barn (130 South Central Avenue), 110 South Central Avenue and Oldtown Mall. Properties that will be developed primarily as affordable housing will not be subject to the Special Tax. Revenue

projections estimate that sufficient special taxes will be generated to repay the debt service for the Special Obligation Bonds.

The TIF funding established thru this and companion Bills play a critical, “but-for” role in this project which reverses decades of disinvestments, creates thriving, mixed-income neighborhoods, creates vitally needed affordable housing without displacement of existing residents, including one-for-one replacement of existing Perkins Homes units; and brings over \$1 billion in investment to the City knitting together neighborhoods from Harbor East to Old Town.

The PSO TIF is the City’s first “Choice Neighborhoods Public Infrastructure TIF”, maximizing the public benefits and support for low-income communities and communities of color. The Transformation Plan is supported by a \$30 million federal Department of Housing and Urban Development (HUD) Choice Neighborhoods Implementation Grant that was awarded to the Housing Authority and the City in 2018; as well a State funds and private sources, and includes:

- Over 2,000 units of mixed-income housing of which, 652 will be replacement public housing units, representing a more than one-for-one replacement for the existing Perkins units, 565 will be LIHTC units (Low-Income Housing Tax Credit) with a capped income affordability, and 995 will be uncapped, market rate units.
- A new City Springs Elementary Middle School, a critical anchor to ensure a sustainable mixed-income community that will serve families at both Perkins and Somerset by providing a 21st century education in a state-of-the-art facility. The new school will be built before the current building is demolished and includes a new athletic field and classroom space for early childhood through 8th Grade.
- Two new parks to be created as part of the Somerset and Perkins redevelopment: North Central Park at Somerset and South-Central Park at Perkins.
- A rehabilitated and upgraded Chick Webb Recreation Center.
- “Complete Street” bicycle and pedestrian-friendly streetscape upgrades.
- A new grocery store as part of Somerset Phase 4 residential building, addressing long-time food insecurity for the larger community by offering a range of affordable and healthy food options. Some residential buildings will have the capacity for ground floor retail to be developed, making the new communities truly mixed-use.
- A revitalized Old Town, to be the site of not only a renovated pedestrian mall, but also 290 new, mixed-income residential apartments, nearly 100,000 square feet of new office and retail space, a 120-room hotel and garage, and an entrepreneurial incubator hub to spur innovation and job creation.

DHCD supports the passage of City Council Bill 20-0589 for purposes of establishing a Special Taxing District to be known as the “Perkins Somerset Oldtown Special Taxing District” which allows the City to levee special taxes to provide funds for the payment of the debt service in support of this critical project.

DHCD **supports** the passage of City Council Bill 20-0589.

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cc: Mr. Blendy, Nicholas, *Mayor’s Office of Government Relations*