
Committee Vote:

S. Middleton: **Yea**
President Young: **Yea**
Z. Cohen: **Yea**
B. Scott: **Yea**
R. Dorsey: **Yea**
B. Henry: **Yea**
I. Schleifer: **Absent**
L. Pinkett, III: **Yea**
K. Burnett: **Yea**
J. Bullock: **Yea**
E. Reisinger: **Absent**
E. Costello: **Yea**
R. Stokes: **Absent**
S. Sneed: **Yea**
M. Clarke: **Yea**

Jennifer L. Coates, Committee Staff

JLC

Date: November 9, 2017

cc: Bill File
OCS Chrono File

CITY OF BALTIMORE CIVIL HEARING ATTENDANCE RECORD

Chairperson: Sharon Middleton

Place: Clarence "Du" Burns Chambers

CC Bill Number: 17-0020R

Development Incentives

PLEASE PRINT

PLEASE CHECK HERE



ADDRESS/ORGANIZATION NAME	ZIP	EMAIL ADDRESS	WHAT IS YOUR POSITION ON THIS BILL?		LOBBYIST: ARE YOU REGISTERED IN THE CITY	
			FOR	AGAINST	YES	NO
North Charles Street	21202	Johndoebmore@yahoo.com	TESTIFY	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Spin State		BrittnieHoward@yahoo.com	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
BELLEVUE	21207	KimTateHart@gmail.com	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

City of Baltimore

City Council
City Hall, Room 408
100 North Holliday Street
Baltimore, Maryland
21202

Meeting Agenda - Final

Committee of the Whole

Thursday, November 9, 2017

10:00 AM

Du Burns Council Chamber, 4th floor, City Hall

17-0020R

CALL TO ORDER

INTRODUCTIONS

ATTENDANCE

ITEMS SCHEDULED FOR PUBLIC HEARING

17-0020R

Oversight Hearing - Private Development Incentives

For the purpose of requesting that the Baltimore Development Corporation (BDC), the Department of Finance, and other City agencies involved in offering incentives to spur private sector development report to the Council on the current and planned uses of these incentives, how these incentives can be used more equitably in the future, and options to improve transparency and accountability to Baltimore's citizens in how incentives are awarded.

Sponsors:

Bill Henry, Mary Pat Clarke, Edward Reisinger, Sharon Green Middleton, Zeke Cohen, Brandon M. Scott, Leon F. Pinkett, III, Ryan Dorsey, Kristerfer Burnett, Shannon Sneed, John T. Bullock

ADJOURNMENT



BALTIMORE CITY COUNCIL
COMMITTEE OF THE WHOLE

Mission Statement

On behalf of the Citizens of Baltimore City, the mission of the Taxation, Finance and Economic Development Committee of the Baltimore City Council is to legislate policy that will deter unnecessary tax burdens while seeking and supporting projects and initiatives that will generate and increase our tax base. Reviewing and considering financing tools that impact the retention and sustainability of our economic base is essential. Introducing and enhancing legislation that perpetuates equal access to economic development for African Americans/Minorities/Women and other members of our community that will result in an improved quality of life for all citizens of Baltimore is a critical component of Baltimore's success.

The Honorable Sharon Green Middleton
Chairwoman

PUBLIC HEARING

TELEVISED

Thursday, November 9, 2017
10:00 AM

Clarence "Du" Burns Council Chambers

Bill 17-0020R

Oversight Hearing – Private Development Incentives

CITY COUNCIL COMMITTEES

BUDGET AND APPROPRIATIONS

Eric Costello – Chair
Leon Pinkett – Vice Chair
Bill Henry
Sharon Green Middleton
Brandon M. Scott
Isaac “Yitzy” Schleifer
Shannon Sneed
Staff: Marguerite Currin

EDUCATION AND YOUTH

Zeke Cohen – Chair
Mary Pat Clarke – Vice Chair
John Bullock
Kristerfer Burnett
Ryan Dorsey
Staff: D’Paul Nibber

EXECUTIVE APPOINTMENTS

Robert Stokes – Chair
Kristerfer Burnett – Vice Chair
Mary Pat Clarke
Zeke Cohen
Isaac “Yitzy” Schleifer
Staff: Marguerite Currin

HOUSING AND URBAN AFFAIRS

John Bullock – Chair
Isaac “Yitzy” Schleifer – Vice Chair
Kristerfer Burnett
Bill Henry
Shannon Sneed
Zeke Cohen
Ryan Dorsey
Staff: Richard Krummerich

JUDICIARY AND LEGISLATIVE INVESTIGATIONS

Eric Costello – Chair
Mary Pat Clarke – Vice Chair
John Bullock
Leon Pinkett
Edward Reisinger
Brandon Scott
Robert Stokes
Staff: D’Paul Nibber

LABOR

Shannon Sneed – Chair
Robert Stokes – Vice Chair
Eric Costello
Bill Henry
Mary Pat Clarke
Staff: Marguerite Currin

LAND USE AND TRANSPORTATION

Edward Reisinger – Chair
Sharon Green Middleton – Vice Chair
Mary Pat Clarke
Eric Costello
Ryan Dorsey
Leon Pinkett
Robert Stokes
Staff: Jennifer Coates

PUBLIC SAFETY

Brandon Scott – Chair
Ryan Dorsey – Vice Chair
Kristerfer Burnett
Shannon Sneed
Zeke Cohen
Leon Pinkett
Isaac “Yitzy” Schleifer
Staff: Richard Krummerich

TAXATION, FINANCE AND ECONOMIC DEVELOPMENT

Sharon Green Middleton – Chair
Leon Pinkett – Vice Chair
Eric Costello
Edward Reisinger
Robert Stokes
Staff: Jennifer Coates
- Larry Greene (pension only)

CITY OF BALTIMORE

STEPHANIE RAWLINGS-BLAKE, Mayor



OFFICE OF COUNCIL SERVICES

LARRY E. GREENE, Director
415 City Hall, 100 N. Holliday Street
Baltimore, Maryland 21202
410-396-7215 / Fax: 410-545-7596
email: larry.greene@baltimorecity.gov

BILL SYNOPSIS

Committee: Committee of the Whole

Bill 17-0020R

Resolution – Oversight Hearing – Private Development Incentives

Sponsor: Councilmember Henry, et al

Introduced: April 3, 2017

Purpose:

For the purpose of requesting that the Baltimore Development Corporation (BDC), the Department of Finance, and other City agencies involved in offering incentives to spur private sector development report to the Council on the current and planned uses of these incentives, how these incentives can be used more equitably in the future, and options to improve transparency and accountability to Baltimore's citizens in how incentives are awarded.

Hearing Date/Time/Location: November 9, 2017 / 10:00 a.m. / Clarence "Du" Burns Chambers

Agency Reports

Baltimore Development Corporation	*
Department of Finance	*
Department of Housing and Community Development	*

ANALYSIS

Background

Baltimore City works in partnership with the State of Maryland to provide programs to spur private sector development. Incentives are directed at specific industries and geographic areas and include programs which fall mainly under four categories: tax credits, Tax Increment Financing (TIFs), Payments in Lieu of Taxes (PILOTs) and grants and loans.

Council Resolution 17-0020R requests Baltimore Development Corporation (BDC) the Department of Finance and other City agencies to brief the Council on City incentives that spur private sector development. The committee will discuss incentive strategies and review the following:

- **the current and planned uses of incentives for private sector development including:**
 - a comprehensive and detailed account of existing incentives awarded in the City's private development portfolio
 - information about the nature of each project's specific incentives in revenue awarded/delayed
 - the specific returns negotiated by and for the City's fiscal benefit in return for these incentives including timetables, amounts, and conditions

- **how these incentives can be used more equitably in the future including:**
 - BDC and City efforts to address widespread concerns about the equitable distribution of City supported development by shifting subsidy priorities to neighborhood-based development projects for affordable housing and mixed-use development projects focusing on:
 - an overview of required affordable housing and local commercial infrastructure to meet the needs of our city's current and future population
 - available and specific subsidy capacity and geographic priorities
 - a timeline and strategy to incentivize city-wide private sector and private/public partnership implementation
 - citywide goals and objectives by geographic quadrants and neighborhoods; and
 - discussion of channels for private interest applications based on these criteria.

- **options to improve transparency and accountability to Baltimore's citizens in how incentives are awarded with a focus on:**
 - **the City's process for creating Tax Increment Financing (TIFs) and Payments In Lieu of Taxes (PILOTS) including a discussion on:**
 - **increasing transparency and accountability,**
 - **expanding the process to either allow the City Council greater flexibility in altering the size of the incentives during the legislative process, or**
 - **involving the City Council in the process prior to introduction of legislation.**

Additional Information

Fiscal Note:

Information Source(s): Bill 17-0020R

Analysis by: Jennifer L. Coates *JLC*
Analysis Date: November 3, 2017

Direct Inquiries to: (410) 396-1260

**CITY OF BALTIMORE
COUNCIL BILL 17-0020R
(Resolution)**

Introduced by: Councilmembers Henry, Clarke, Reisinger, Middleton, Pinkett, Dorsey, Burnett,
Sneed, Bullock, Cohen, Scott

Introduced and read first time: April 3, 2017

Assigned to: Committee of the Whole

REFERRED TO THE FOLLOWING AGENCIES: Baltimore Development Corporation, Department of
Finance, Department of Housing and Community Development

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Oversight Hearing – Private Development Incentives**

3 FOR the purpose of requesting that the Baltimore Development Corporation (BDC), the
4 Department of Finance, and other City agencies involved in offering incentives to spur
5 private sector development report to the Council on the current and planned uses of these
6 incentives, how these incentives can be used more equitably in the future, and options to
7 improve transparency and accountability to Baltimore’s citizens in how incentives are
8 awarded.

9 **Recitals**

10 In recent years Baltimore has made use of a variety of incentives to attempt to spur private
11 sector development in our City. While these efforts have undoubtedly spurred some
12 development, they have not been without controversy and it is not clear which approaches have
13 been most successful and which may be falling short.

14 In order to properly assess the City’s incentive strategies, the Council needs a thorough
15 briefing from the relevant City agencies on what has been done to date including:

- 16 • a comprehensive and detailed account of existing incentives awarded in the City’s
17 private development portfolio;
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19 awarded/delayed/foregone; and
- 20 • the specific returns negotiated by and for the City’s fiscal benefit in return for these
21 incentives, including timetables, amounts, and conditions – in other words, the
22 schedule of projected positive fiscal impact on City revenues, if any.

23 Beyond these questions about the incentive strategies in general, the Council also requires
24 information about BDC and City efforts to address widespread concerns about the equitable
25 distribution of City supported development by shifting subsidy priorities to neighborhood-based
26 development projects for affordable housing and mixed-use development projects. This
27 information should include:

EXPLANATION: Underlining indicates matter added by amendment.
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Council Bill 17-0020R

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8 Finally, any discussion about current and future private development incentive strategies
9 would be incomplete without an examination of the City's process for creating TIFs and PILOTs.
10 Specifically, there needs to be discussion about increasing transparency and accountability to
11 Baltimore's citizens by expanding this process to either allow the City Council greater flexibility
12 in altering the size of incentives during the legislative process, or involving the City Council in
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14 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
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20 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Mayor, the
21 President and CEO of the Baltimore Development Corporation, the Director of Finance, and the
22 Mayor's Legislative Liaison to the City Council.

AGENCY REPORTS

(No Agency Reports have been received as of November 7, 2017)

**CITY OF BALTIMORE
COUNCIL BILL 17-0020R
(Resolution)**

Introduced by: Councilmembers Henry, Clarke, Reisinger, Middleton, Pinkett, Dorsey, Burnett,
Sneed, Bullock, Cohen, Scott

Introduced and read first time: April 3, 2017

Assigned to: Committee of the Whole

REFERRED TO THE FOLLOWING AGENCIES: Baltimore Development Corporation, Department of
Finance, Department of Housing and Community Development

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Council Bill 17-0020R

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INTRODUCTORY*
CITY OF BALTIMORE
COUNCIL BILL ____ R
(Resolution)

FORMATTED BY DLR

TW 3.29.12

Introduced by: Councilmembers Henry, Clarke, Reisinger, and Middleton

A RESOLUTION ENTITLED

A COUNCIL RESOLUTION concerning

Oversight Hearing – Private Development Incentives

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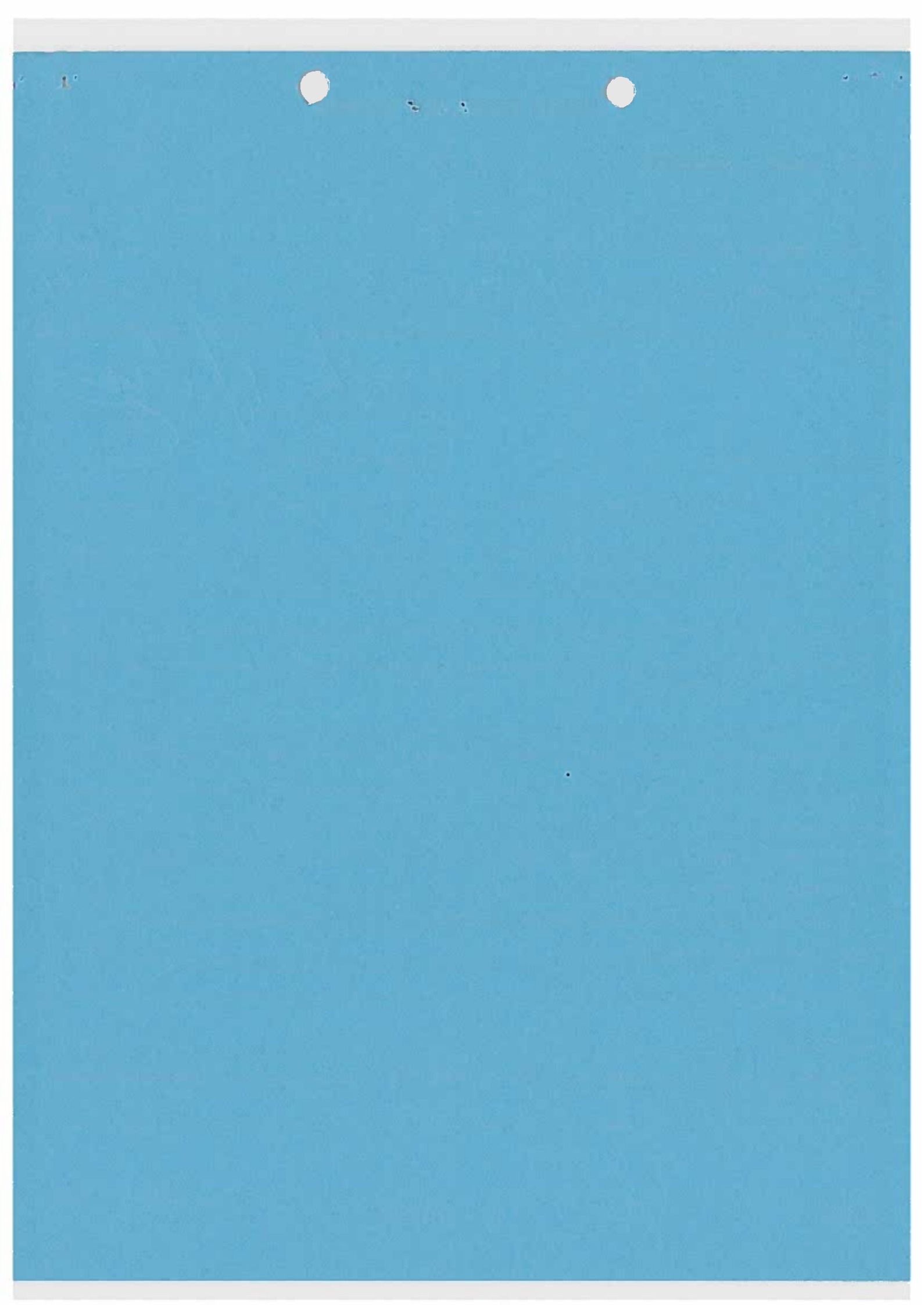
* WARNING: THIS IS AN UNOFFICIAL, INTRODUCTORY COPY OF THE BILL.
THE OFFICIAL COPY CONSIDERED BY THE CITY COUNCIL IS THE FIRST READER COPY.

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ACTION BY THE CITY COUNCIL

APR 03 2017

FIRST READING (INTRODUCTION) _____ 20 _____

PUBLIC HEARING HELD ON November 9 _____ 20 17

COMMITTEE REPORT AS OF December 4 _____ 20 17

FAVORABLE _____ UNFAVORABLE _____ FAVORABLE AS AMENDED _____ WITHOUT RECOMMENDATION

[Handwritten Signature]

Chair

COMMITTEE MEMBERS:

COMMITTEE MEMBERS:

SECOND READING: The Council's action being favorable (unfavorable), this City Council bill was (was not) ordered printed for Third Reading on:

DEC 04 2017

_____ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

THIRD READING _____ 20 _____

_____ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

THIRD READING (ENROLLED) _____ 20 _____

_____ Amendments were read and adopted (defeated) as indicated on the copy attached to this blue backing.

THIRD READING (RE-ENROLLED) _____ 20 _____

WITHDRAWAL _____ 20 _____

There being no objections to the request for withdrawal, it was so ordered that this City Council Ordinance be withdrawn from the files of the City Council.

President

Chief Clerk

**CITY OF BALTIMORE
COUNCIL BILL 17-0020R
(Resolution)**

Introduced by: Councilmembers Henry, Clarke, Reisinger, Middleton, Pinkett, Dorsey, Burnett,
Sneed, Bullock, Cohen, Scott
Introduced and read first time: April 3, 2017
Assigned to: Committee of the Whole

Committee Report: Favorable
Adopted: December 4, 2017

A COUNCIL RESOLUTION CONCERNING

Oversight Hearing – Private Development Incentives

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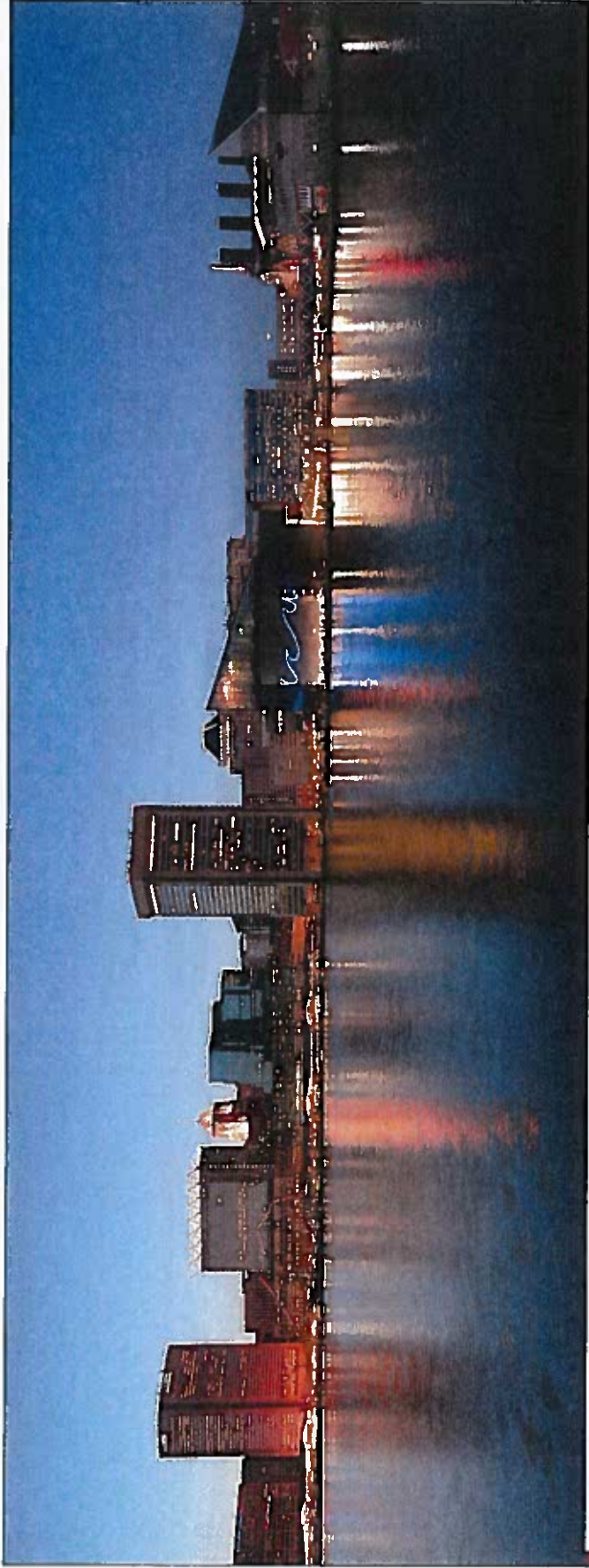
Council Bill 17-0020R

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22 Mayor’s Legislative Liaison to the City Council.



City of Baltimore Tax Increment Financing Program

Department of Finance
November 2017

received
11-9-17 JFC



Authorizing TIF Legislation

- The City’s authority to establish a TIF and issue TIF Bonds is provided under Article II, Section 62 of the Baltimore City Charter.
- The Act itemizes the eligible uses of TIF proceeds and states that TIF Bonds shall be approved by an ordinance of the City Council.
- In most cases, TIF Bonds are also secured by a special tax levied on properties in the development district, pursuant to Article II Section 62A of the Baltimore City Charter.
- Article VII, Section 19-21 states that the Board of Finance shall determine all matters pertaining to the issuance and sale of indebtedness. Such matters are specified in a resolution of the City’s Board of Finance.

Legislation Continued (Uses of Proceeds)

- Under the Enabling Act, the proceeds of the TIF Bonds may be used to finance:
 1. The cost of purchasing, condemning, or otherwise acquiring land or other property, in the designated development district or for a right-of-way or other easement;
 2. Site removal;
 3. Surveys and studies;
 4. Demolition, site removal, relocation of businesses or residents;
 5. Installation of utilities, construction of parks and playgrounds and other necessary improvements including streets and roads to, from, or within the development district, parking, lighting and other facilities;
 6. Construction or rehabilitation of buildings provided that such buildings (i) are to be devoted to a governmental use or purpose, (ii) are abandoned property, (iii) are distressed property, or (iv) will provide units of affordable housing;
 7. Certain structured and surface parking facilities.
 8. RISE zone – Innovation/Lab facilities with restrictions;



Current TIF Debt

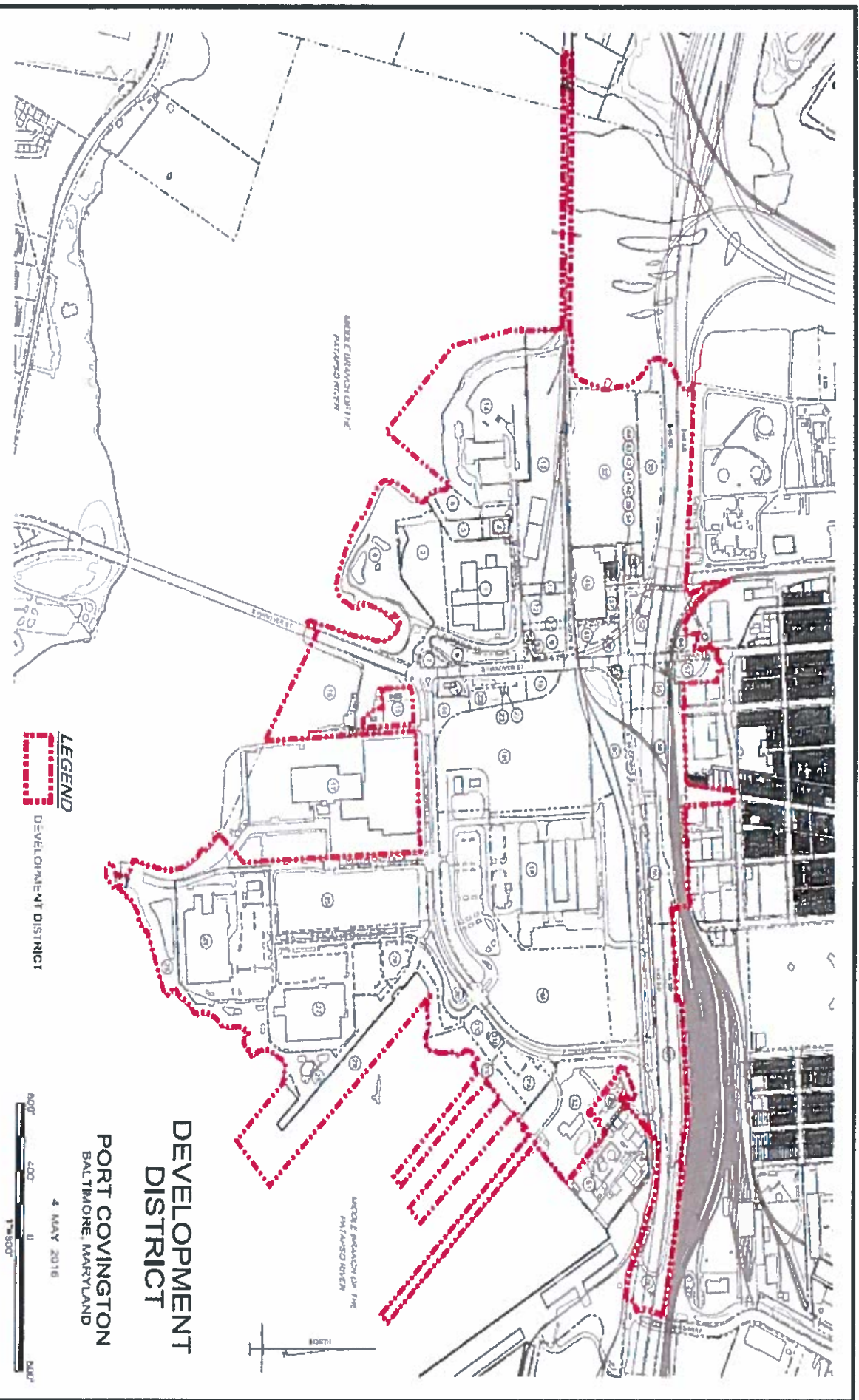
- Currently there are 15 TIF districts within the City limits. Not all have debt associated with them.
 - West Baltimore is pledged to a HUD 108 Loan;
 - Charles Village and Westport did not move forward;
 - Convention Center Hotel was for operating support;
 - UM Bio Park and Port Covington are under development.

Current TIF Debt

- Total TIF debt outstanding is \$199 million distributed among the following projects:

<u>Project</u>	<u>Debt 6/17</u>	<u>To Be Issued</u>
1. Belvedere (2003)	\$ 1,580,575	
2. Clipper Mill (2004)	6,500,000	
3. East Baltimore Development (2008)	81,640,000	
4. Harbor Point (2014)	75,310,333	\$ 49,689,667
5. Harborview (2003)	5,260,000	
6. Locust Point (2006)	2,090,000	
7. Mondawmin Mall (2008)	10,650,000	
8. Poppleton (2017)	12,000,000	46,311,000
9. Port Covington		660,000,000
10. Strathdale (2003)	4,845,000	
11. UM Bio Park		17,500,000
	<u>\$ 199,875,908</u>	<u>\$ 773,500,667</u>

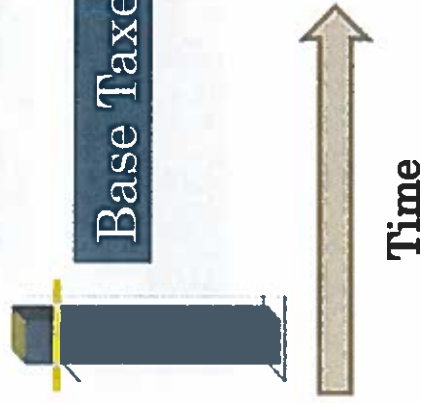
HOW DO TIFs Work



Flow of Funds

- Project Initiated**
- TIF boundary defined
 - Tax base frozen
 - Redevelopment starts

Annual Tax Revenues



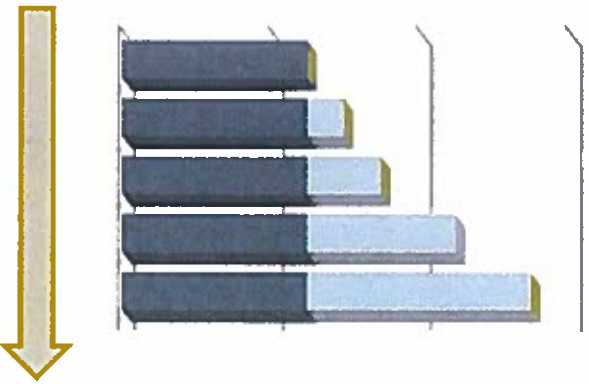
Flow of Funds

- Short-Term**
- Construction underway
 - Assessed value of property increases
 - Issuance of TIF bonds

**Increases Assessed Value
Generating New Tax Revenue**

Base Taxes Paid to General Fund

Annual Tax Revenues

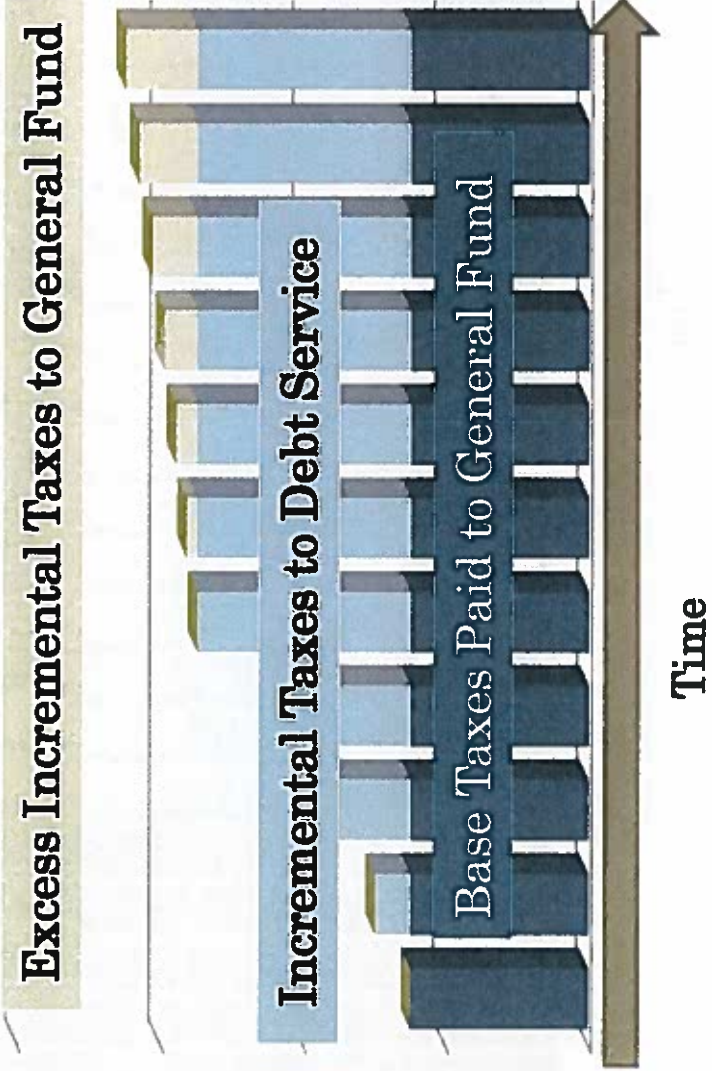


Time

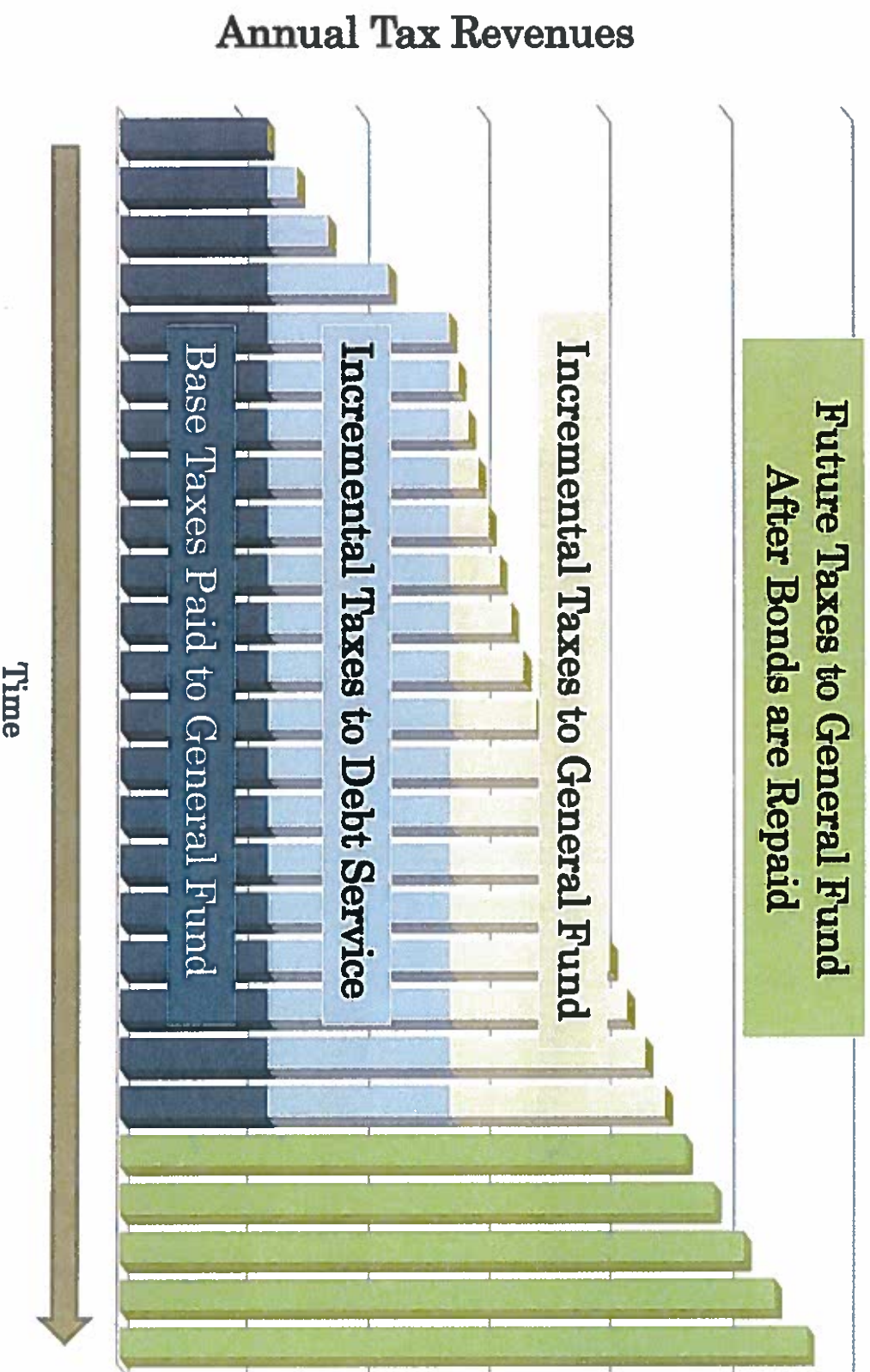
Flow of Funds

- Mid-Term**
- Project Completed
 - TIF bond amortization begins

Annual Tax Revenues



Flow of Revenues



Board of Finance - TIF Approval Process

Step 1:

- The first step is the development of the preliminary TIF plan and proposal by the City coordinating agency, such as the Baltimore Development Corporation or the Department of Housing and Community Development. The coordinating agency is responsible for the following:
 - proposing the amount of TIF assistance, confirming the project requires this assistance (the “but for” test);
 - ensuring the proposed TIF will advance the City’s strategic land use, economic development and public improvement goals;
 - satisfies the criteria for TIF debt set forth in Section I of these policies;
 - preparing other analysis and documentation to be submitted to the Board of Finance for step two.



TIF Approval Process

Step 2:

- The second step consists of presentation of the proposed TIF to the Board of Finance for concept approval.
- The Board of Finance shall be responsible for ensuring that TIF requests comply with the policy. The information required for this presentation is described below.
- The purpose of this step is for the Board of Finance to confirm that the proposed TIF will be consistent with the City's policies early in the process before significant City efforts are expended preparing legislation and moving the TIF forward.
- The Board's independent financial advisor reviews all the financial assumptions and projections.

TIF Approval Process

Step 3:

- The third step is presenting the proposed legislative package creating the TIF (and related special taxing district) to the Board of Finance for approval.
- In addition to the legislation the Board of Finance shall also be updated with detailed project information. The legislative package typically includes:
 - Establishment of the Development District
 - Establishment of the Special Taxing District
 - Authority to Issue TIF Bonds
- The City Council must approve the above legislation before the TIF is created and the bonds issued.



TIF Approval Process

Step 4:

- The fourth step is the submission for approval of documents authorizing the issuance of bonds to the Board of Finance.
- A substantially complete offering document, trust indenture, and other project related documents are submitted to the Board of Finance, along with any updates to information presented in step 2.
- Financial projections shall be provided showing bonds issued or debt incurred, projected assessed value and tax increment revenues, and debt service coverage.
- These projections are developed by the Board's independent financial advisor.

TIF Due Diligence/Risk Mitigation

- Prior to issuing the bonds the City and its legal/financial team conduct a thorough due diligence that includes the following items:
 - market study and appraisals of the project;
 - developer financial capacity/experiences;
 - private financing/equity requirements;
 - disclosure of any pending litigation;
 - engineering reports;
 - permitting and governmental approvals for the development;
 - estimates of the costs required to complete the project;
 - value of the property that will serve as collateral to the bonds.

- SEC laws require that all pertinent information relating to the project be accurate and fully disclosed.

- The results of this research will also be reported to the Board of Finance when approval to issue the bonds is requested under step 4 of the Policy.



TIF Due Diligence/Risk Mitigation

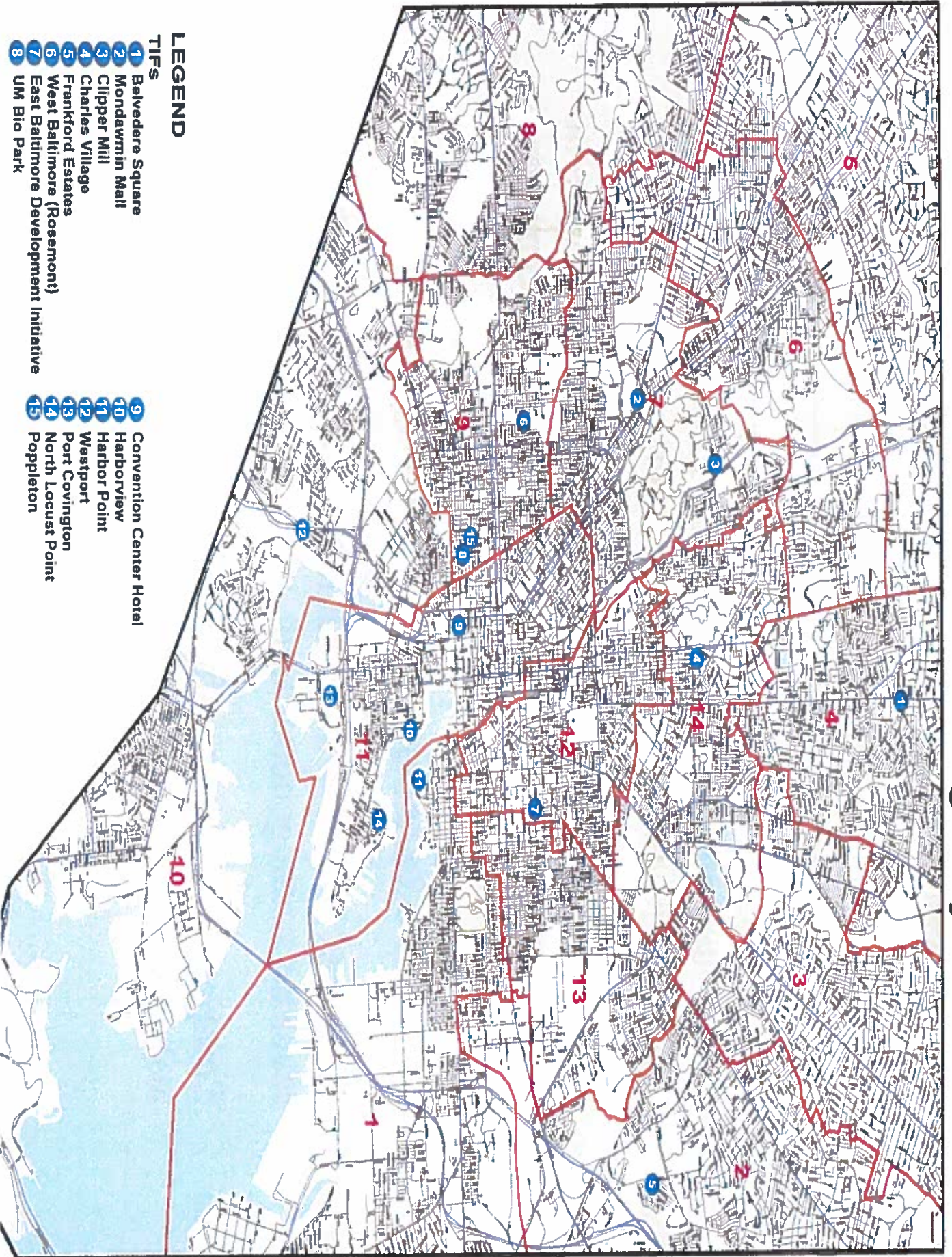
- A special tax will may be levied on private property in the development district equal to the debt service on the bonds. This special tax will provide a backup source of revenues to the tax increment to ensure there are sufficient funds to repay the bonds.

- Conditions are imposed prior to issuing the bonds:
 - Equity and other financing must be in place,
 - Contracts executed with other developers and/or builders,
 - Discretionary permits to be obtained, and other requirements as deemed appropriate for the project.

On-Going TIF Monitoring

- After the bonds are issued and the project is finished an annual tax computation is completed to determine if the increment is sufficient to pay debt service.
- This computation tabulates the property tax payments of each property in the development district and compares it to the debt service due on the bonds.
- If there is a deficit and special tax bill is processed.
- Revenues in excess of the amount due on the bonds is reverted to the general fund.
- Compete application is fully disclosed on the BOF website.

Tax Increment Financing Projects



LEGEND

TIFs

- 1 Belvedere Square
- 2 Mondawmin Mall
- 3 Clipper Mill
- 4 Charles Village
- 5 Frankford Estates
- 6 West Baltimore (Rosemont)
- 7 East Baltimore Development Initiative
- 8 UM Bio Park
- 9 Convention Center Hotel
- 10 Harborview
- 11 Harbor Point
- 12 Westport
- 13 Port Covington
- 14 North Locust Point
- 15 Poppleton

**The Board of Finance of Baltimore City
Department of Finance
Bureau of Treasury Management**

**Tax Increment Financing Policy
and Project Submission Requirements
January 23, 2012**



received
11-9-17 JLC

PART I: TAX INCREMENT FINANCING POLICY

I. Introduction and Purpose

Tax Increment Financing (TIF) is an important and useful tool available to Baltimore City to encourage development of certain projects that are desirable and in the public interest, and that would not occur without assistance from the City. The Board of Finance of Baltimore City ("Board of Finance") considers it essential that this mechanism be implemented consistent with the City's land use and economic development goals, and in order to encourage development that would otherwise not occur but for the City's participation in the financing structure ("but for" test).

The Board of Finance shall consider a TIF for projects with a significant public purpose and benefit, i.e., City-sponsored projects, or, otherwise, for developer-sponsored projects when the project:

- (1) Is consistent with the City charter and the TIF Enabling Act;
- (2) Includes a significant developer/private sector contribution to the project;
- (3) Has approval of the coordinating agency Project Review Committee, or other such Oversight Board (if applicable);
- (4) Advances the City's strategic land use, economic development and public improvement goals;
- (5) Is not feasible and would not be completed (within a reasonable time frame) without the proposed TIF assistance ("but for" test) and assistance is limited to the amount required to make the project feasible;
- (6) Satisfies economic and risk requirements;
- (7) Will create positive tax revenues to the City, taking into consideration the costs of public services to be provided to the new development and the tax increment revenues that will be required to repay the bonds.

City-sponsored projects will be defined by their size and scope, i.e., large public purpose projects. City-sponsored projects are further defined as projects where the City controls or will acquire the property for the project, and where the City issues the Request for Proposals to select the developer for the project. *The evaluation process for City-sponsored projects will be separate from the evaluation process to be used for developer-sponsored projects. The merits of such projects shall be decided on a case-by-case basis.*



Because there is a potential that TIF projects may defer potential gains in general fund revenues, the Board of Finance will proceed with caution when reviewing TIF proposals. City agencies and departments are strongly encouraged to contact the Bureau of Treasury Management as early as possible in the project development process. The Board of Finance considers it to be the sole responsibility of the coordinating agency to brief Treasury Management on details of the TIF proposal well in advance of a formal submission to the Board of Finance. The Board of Finance shall not consider, and the Clerk to the Board of Finance shall not submit to the Board of Finance, TIF proposals that do not adequately address the requirements of this policy. TIF is not a right under the City charter, and these guidelines do not create any right or entitlement in connection with an application for a TIF.

The Board of Finance reserves the right, at its sole discretion, to amend or waive certain provisions in these guidelines, when it is determined to be in the best interest of the City.

II. Legal Framework

The City's authority to issue TIF Bonds is established under Article II, Section 62 of the Baltimore City Charter (1996 edition) (the "Enabling Act"). The Enabling Act itemizes the eligible uses of TIF Bond proceeds and states that TIF Bonds shall be approved by an ordinance of the City Council. The ordinance shall describe the basic terms of the TIF Bonds or will provide that such terms are to be specified in a resolution of the City's Board of Finance. The City may also, acting through the Board of Finance, issue bonds to refund outstanding TIF Bonds.

In most cases, the City will require that the TIF Bonds also be secured by a special tax levied in the development district, pursuant to Article II Section 62A of the Baltimore City Charter (1996 edition). The establishment of a special taxing district ensures that if the anticipated benefit to be derived by proposed development does not occur, such that the tax increment revenues are not sufficient to pay debt service on the TIF Bonds, the City will levy a special tax on the property owners in the district (i.e., the developer) to make up any shortfall. A special tax requires the approval of 2/3 of the property owners, in both number and property value, within the special tax district.

In accordance with Article VII, Sections 19-21, of the Baltimore City Charter (1996 edition), the Members of the Board of Finance are the financial advisors to the Mayor and City Council of Baltimore. The Board of Finance is comprised of the Mayor, who serves as President, the Comptroller, and three



persons appointed by the Mayor pursuant to the City Charter. As the City's financial advisor, the Board of Finance is responsible for approving all TIF proposals prior to consideration by the City Council or the Board of Estimates.

III. TIF Description

In general, TIF Bonds are special obligations of the City secured by the incremental increase in property taxes resulting from the proposed improvement. The City utilizes this financing option by designating within its borders a TIF district. The base property valuation (assessable base) is then established and certified, and the property taxes from that assessable base continue to be collected and used for general governmental purposes. As the assessed valuation within the district increases, the taxes derived from the increased valuation (tax increment) pay debt service on the bonds used to fund TIF project costs within the district. When the TIF debt is repaid, the district is dissolved and the taxes collected from the increased assessed valuation flow directly to the City's general fund.

Under the Enabling Act, the date of the determination of the assessable base for the calculation of the tax increment is January 1 of the calendar year prior to the year in which the City adopts an Ordinance establishing the development district. For example, if an Ordinance is adopted in March of 2008, the assessable base will be determined as of January 1, 2007. Payment by the City to the holders of the TIF bonds is contingent upon appropriation by the City Council of tax increment revenues sufficient to cover the amounts due each year.

TIF functions by pledging property tax increments gained as a result of new development within the tax increment district. The City continues to collect the tax revenues that it had historically received from the district, but the incremental taxes collected from the enhanced value of the real estate is used to pay debt service on the TIF Bonds.

Under the Enabling Act, the proceeds of the TIF Bonds may be used to finance:

1. The cost of purchasing, condemning, or otherwise acquiring land or other property, or an interest in them, in the designated development district area or as necessary for a right-of-way or other easement to or from the development district area;
2. Site removal;
3. Surveys and studies;
4. Relocation of businesses or residents;



5. Installation of utilities, construction of parks and playgrounds and other necessary improvements including streets and roads to, from, or within the development district, parking, lighting and other facilities;
6. Construction or rehabilitation of buildings provided that such buildings (i) are to be devoted to a governmental use or purpose, (ii) are abandoned property, (iii) are distressed property, or (iv) will provide units of affordable housing;
7. Reserves and capitalized interest on the bonds;
8. Necessary costs of issuing the bonds;
9. Structured and surface parking facilities that are: (i) publicly owned; or (ii) privately owned but serve a public purpose; and
10. Payment of the principal and interest on loans, money advanced or indebtedness incurred by the Mayor and City Council of Baltimore for any of the purposes set out above.

TIF Bonds may be issued as “tax-exempt” or “taxable” obligations. The qualification of the bonds as “tax-exempt” involves an analysis that will include the review of, among other things, ownership, amount of private use of the facilities constructed, nature of the improvements, and any additional sources of payment of the debt service on the TIF Bonds.

IV. Considerations for New Tax Increment Financing Projects

The City regularly issues general obligation debt to finance important public improvements required by the City. An important purpose of this policy is to ensure that TIF projects, when added to other tax supported debt, do not negatively impact the City’s general debt ratings. This shall require a consistent implementation of this policy. Elements of the TIF Policy of particular importance to this purpose are (i) use of TIF to advance the City’s land use, economic development, and public improvement goals, (ii) preparation of a fiscal impact analysis that confirms the project produces sufficient tax revenues over and above repayment of the TIF bonds to cover the costs of public services required for the project, and (iii) ensuring the “but for” test is met and that assistance is limited to a reasonable amount that makes the project feasible.

TIF debt is considered by the rating agencies as debt of the City, and included in the calculation of the City’s tax supported debt burden. Moody’s Investor Service has established guidelines for a city’s debt burden as measured by the ratio of total tax supported debt to the estimated actual value of taxable property of the jurisdiction. In general, a city’s total tax supported debt burden, including outstanding TIF debt, should remain below 4% of the estimated actual value of the taxable property of the jurisdiction. It is the intention of this policy that the City’s total tax supported debt burden, including outstanding TIF debt,



should remain below 4% of the City's estimated actual value of property as established by Moody's.

In addition, the City shall use its best efforts to pursue other funding programs or financial arrangements with developmental agencies that, particularly for large projects, minimize the overall aggregate level of the City's TIF debt.

V. Limited Size TIF projects

Certain TIF applications may be for projects of a scale that require a minor amount of participation by the City. The Board of Finance recognizes, that however worthy such projects may be, there are inherent risks associated with smaller projects. These risks include a lower probability of increment tax growth and resultant debt repayment from the tax increment, and the greater likelihood of higher interest rates from investors based on their assessment of risk. Smaller projects are also more likely to have a higher cost of issuance as a percentage of total project cost.

The Board of Finance recognizes that in such circumstances, it may be prudent for the City to issue a bond or note to the developer rather than to sell TIF bonds to investors as a means of providing project funding. Bonds issued by the City to the developer do not provide an up-front cash contribution by the City, but can be used to offset the future tax liability of the development by providing annual redemption of serial bonds based on the incremental tax revenues generated by the project.

The Board of Finance recommends this approach for TIF projects of \$10,000,000 and less.

VI. Third Party Fees

Each TIF applicant shall be required to execute a letter of intent with the City's bond counsel and financial advisor to include the scope of work and fees associated with the development of the TIF application before any legal or financial work has commenced. The applicant shall assume all risk for the full payment all third party fees for the TIF development to include legal review/document preparation, financial analysis and financial projections. While certain of the fees may be reimbursed from bond proceeds, they shall be due and payable by the applicant in the event the project does not secure the required City approvals or in the event bonds are not sold.



VII. Conclusion

Tax increment revenues are an important funding source for infrastructure improvements that can advance development in targeted areas of the City. It is the intention of the Board of Finance to use TIF as one of the incentive tools to encourage revitalization of Baltimore City. The Board of Finance shall exercise caution in the evaluation of each TIF proposal ensuring that the benefits of the project are appropriate for the risks and costs of the project, and that they are equitable and in the best interest of the City.

PART II: PROJECT SUBMISSION REQUIREMENTS

Approval of tax increment financing projects by the Board of Finance will be a four-step process.

Step 1:

The first step will consist of the development of the TIF plan and proposal by the appropriate City coordinating agency, such as the Baltimore Development Corporation or the Department of Housing and Community Development. The coordinating agency will be responsible for the following:

1. proposing the amount of TIF assistance, confirming the project requires this assistance (the "but for" test);
2. ensuring the proposed TIF will advance the City's strategic land use, economic development and public improvement goals;
3. satisfies the criteria for TIF debt set forth in Section I of these policies;
4. preparing other analysis and documentation to be submitted to the Board of Finance for step two.

The coordinating agency may, and is encouraged to, consult with the City's financial advisor and bond counsel for this stage of development; however, these agencies shall be responsible for any costs incurred by these firms during this step.



Step 2:

The second step consists of presentation of the proposed TIF to the Board of Finance for conceptual approval. The Board of Finance shall be responsible for ensuring that TIF requests comply with these policies. The information required for this presentation is described below. The purpose of this step is for the Board of Finance to confirm that the proposed TIF will be consistent with the City's policies regarding TIFs early in the process before significant City efforts are expended preparing legislation and moving the TIF forward.

Step 3:

The third step shall be presenting the proposed legislative package creating the TIF (and related special taxing district) to the Board of Finance for approval. This step will require the proposal legislation to be submitted to the Board of Finance with any appropriate update on the information submitted in the second step. The coordinating agency shall be responsible for scheduling and obtaining approval of the required legislation from the Board of Estimates, and the City Council as required.

Step 4:

The fourth step shall be the submission for approval of documents authorizing the proposed issuance of bonds to the Board of Finance. A substantially complete offering document, trust indenture, and funding agreement should be submitted to the Board of Finance for this step, along with any updates of the information presented in the second step that is not included in the offering document. If not included in the offering document, financial projections shall be provided showing bonds issued or debt incurred, projected assessed value and tax increment revenues, and debt service coverage. City-sponsored projects should demonstrate a strong public purpose; while developer-sponsored projects should demonstrate that incremental revenues will provide a minimum of 1.25x annual debt service coverage (not including special tax revenues) unless the Board approves an exception. Financial projections shall normally include two scenarios, including the expected scenario and a sensitivity scenario.

Information should be provided either in the offering document or separately to allow a risk assessment. This information should include a description of the risks associated with the project and how these risks are mitigated.



Board of Finance TIF Submission Requirements for Step 2

The Board of Finance shall be responsible for ensuring that TIF requests comply with these policies. The criteria a TIF project request must satisfy are identified in Part I of this policy, and specifically, Section I. Board of Finance review of a TIF proposal should occur early in the proposal before significant resources are spent preparing legislation. This review is the second step in the TIF approval process, following the preparation of the TIF proposal by the coordinating agency. The information to be submitted to the Board of Finance for it to confirm a proposed TIF is in compliance with the City's TIF policies, shall be as follows:

- I. Transmittal Letter: Each TIF request shall include a transmittal letter from the development agency head formally requesting the Board of Finance consider and conceptually approve the application. This letter should also include other pertinent information such as the amount of the TIF bond, approvals of internal review committees, the Mayor, and the Department of Planning if appropriate.

- II. Approval of the Coordinating Agency Board (if applicable): Provide evidence of approval of a request for a TIF for the project by the coordinating agency internal project review board or other such oversight committee. The approval shall include a description of the project and the public purpose being served by the TIF, and that the board is satisfied other funding sources are not available (the project would not occur "but for" the TIF funding).

- III. Development Team:
 1. Name of applicant/developer/owner, construction manager, project manager, operator (lender and any other significant team participants);
 2. Background information on each of the above;
 3. Summarize developer's experience with similar projects.

- IV. Project Information:
 1. Describe the project, including the location, size, phases, and proposed land uses.
 2. Describe existing property uses and any required demolition and relocation.
 3. Provide information and evaluation of any site constraints.
 4. Identify any environmental issues or constraints. Each project must comply with applicable requirements of local, state and federal environmental laws and regulations.



5. Provide a schedule and describe any time constraints that affect the project.
 6. Identify any permits and other governmental approvals required for the development of the property.
 7. Provide evidence of site control. This should include a detailed list of all addresses in the district. If the project is located on a scattered site the address list should be broken down by parcel.
 8. Provide a preliminary sources and uses of funds for the project.
 9. Identify whether the project is expected to receive any other public assistance. Other forms of public assistance should be taken into consideration in the amount of TIF assistance provide to ensure that the total assistance provided does not exceed the assistance required and justified.
 10. Provide letters of intent to provide financing for all construction and permanent funding sources (loans, grants and equity) associated with the project. At a minimum, letters of intent must be specific to the project and detailed concerning terms and conditions.
 11. Include detailed maps of the TIF and special taxing districts, and graphic depictions of the finished project.
 12. Other information critical to the success of the project.
- V. City Charter and TIF Enabling Act: Provide information to show the proposed TIF will be consistent with the City charter and the TIF Enabling Act.
- VI. Inclusionary Housing: City Council ordinance 07-474, stipulates housing development projects receiving TIF funding be subject to the Department of Housing and Community Development Inclusionary Housing Rules. Prior to Board of Finance approval the developer shall coordinate with Department of Housing and Community Development the implementation of this requirement. The inclusionary housing shall be incorporated into the project fiscal analysis (item XIII below).
- VII. Private Sector Contribution: Identify the public assistance as a percentage of total development costs and a comparison to other development projects of similar scope and magnitude whenever possible. All development proposals should seek to maximize the amount of private investment per dollar of public assistance. Each project must evidence substantial private resources (debt and/or equity) for the development (evidence will be required prior to the Phase II approval). In general, the Board of Finance recommends that developer-sponsored projects have an 8:1 to 12:1 ratio of non-City funding sources to City funding sources. Ratios of lower than 8:1 represent project participation levels by the City that may be unacceptable to the Board of Finance; while ratios of greater



than 12:1 call into question the need for the City to be a meaningful participant. The non-City contribution may be in terms of cash, land, buildings or other equivalent forms. This analysis shall also include an expected rate of return for the developer and City.

- VIII. Advances the City's Land Use, Economic Development and Public Improvement Goals: Each TIF proposal shall be submitted to the Department of Planning for review and consistency with the City's economic development and public improvement objectives. A letter from the Department of Planning evidencing their approval is recommended. The coordinating agency should specify how the project is consistent with the City's economic development and public improvement objectives.
- XI. But For Test: The coordinating agency shall provide an explanation of why the TIF is needed to make the project feasible – why the project would not occur “but for” the TIF funding. The intent is to prevent TIF funds from being used in place of available private financing, grants, or other non-tax supported funding sources. The Board of Finance will also need assurance that the TIF is not unnecessarily subsidizing a private enterprise. Evidence shall also be provided showing that the TIF assistance provided is limited to the assistance required to make the project feasible. Detailed reasoning will be required.

Examples of justification that may be used by the coordinating agencies includes the following:

- Persistent lack of development at the project site;
 - Unusual development costs;
 - Lack of private funds for the project;
 - Lack of other forms of public assistance;
 - A projected pro-forma indicating that the projected return on investment (without the TIF assistance) is below a market rate of return.
- X. Public Benefit: Describe the project's public purpose benefit. The direct and indirect benefits of the development proposal shall be determined and quantified to the degree possible. Benefits shall include, but are not limited to, employment benefits (number of jobs retained or created, percentage of jobs held by City residents, wage and salary information, etc.), tax base benefits (estimated market value of new development, new property taxes generated, etc.), housing benefits (number of new rental or ownership units, number of affordable units, etc.), and other benefits relating to transportation, parking, blight remediation, environmental



cleanup and historic preservation. This description should also address whether these impacts are being shifted from other locations in the City or would be provided by other projects without TIF assistance.

TIF dollars are a finite resource and each proposed TIF will be required to compete with other TIF proposals. The public purpose benefit description should demonstrate that the proposed TIF compares well on a cost benefit basis to other TIF projects approved and contemplated by the City.

- XI. Positive Tax Revenues: A summary fiscal impact analysis shall be provided that demonstrates the project will create positive tax revenues to the City, taking into consideration the costs of public services to be provided to the new development, and the tax increment revenues that will be required to repay the bonds. Projects that do not show a positive fiscal impact shall require a demonstration of extraordinary public purpose to be approved. It is recommended this analysis be completed by the City's TIF advisor or other such qualified consultant, and shall be at the expenses of the coordinating agency.
- XII. Risk to the City: A detailed discussion of the risks associated with the TIF project as it pertains to the City's participation. Risks may include (but are not limited to) interest rate and market risk. For example, a new housing project may be required to sell a certain number of units within a particular time frame in order to generate the increment to pay debt service on the TIF bonds. If the developer does not sell the required number of units, revenues may not be sufficient to pay debt service. Additionally, if interest rates rise to a certain level, the cost of the debt may exceed the project's ability to repay.
- XIII. Project Fiscal Analysis: It is expected that the coordinating development agency shall conduct a financial review of the project prior to recommending it to Board of Finance. This review is expected to include a formal written analysis of financial feasibility of the project. The report shall provide projections that demonstrate quantitatively the project development can in fact support the requested TIF debt. Subject matter to be included are; debt service projections, project absorption assumptions, projection of market value, projection of net incremental property taxes and projected payment of debt service. It is recommended that this report be completed by the City's TIF advisor or other such qualified consultant, at the expenses of the coordinating agency.

Since every project is unique, additional evaluation criteria may become necessary for either phase and will be determined on a case-by-case basis.



Alternatively, some of the information described above may not be applicable to every TIF. Treasury Management shall be responsible for reviewing information submitted to the Board of Finance by the coordinating agency, ensuring the information is complete, and formalizing a recommendation to the Board of Finance. The coordinating agency should submit information to Treasury Management with sufficient time for it to be reviewed prior to being forwarded to the Board of Finance, and with sufficient time for the Board of Finance to review the information prior to any expected action.



November 9, 2017

The Committee on the Whole
100 Holliday St. #400
Baltimore, MD 21202

Re: Council Bill 17-0020R

Dear Committee Members:

On behalf of the Baltimore Housing Roundtable (BHR), a coalition of persons who rent, own property or are homeless in Baltimore City, I submit the following in support of Council Bill 17-0020R, a resolution concerning Oversight on Private Development Incentives.

The BHR welcomes any move toward improved transparency and accountability relative to private development incentives. Indeed, the BHR embraces a principled development framework of universality, equity, participation, transparency, and accountability to human needs and human rights. It is for these reasons that we issued a report in January 2016 articulating a community-driven development roadmap for Baltimore: a commitment to prioritize human needs, creation of a housing trust fund, additions and revisions to the City's vacant property disposition program (Vacants to Values), community capacity building, and 20/20--\$20 million in bond money annually for the creation of community land trusts and \$20 million annually for vacant property deconstruction, demolition, and greening through projects that prioritize the hiring of returning citizens.¹

20/20 is more than resources for neighborhoods; it is an equitable development plan that attempts to address the structural racism and structural inequality that first led prior policy makers down the pathway of private development subsidies. It addresses two issues that are fundamental to municipal equitable development: the control of land and the distribution of resources.

Land values are the bellwether to equitable development. If we succeed in policies that create jobs, raise wages, improve education, remove blight, and ensure environmental sustainability—all objectives of prior development subsidies—we raise land values. And if we don't address the speculative pressures that come with this, the rising tide can flip over the boats of those who rent, own (on fixed-incomes), and are trying to get off the street. Community land ownership, through Community Land Trusts that equitably "right-size" property resale values, is a key means to address this, and a key to transforming neighborhoods from bystanders to active agents of development.

Resources, of course, are another key. For the last 40 years, the federal government has become an estranged partner in local development. The decline in Community Development Block



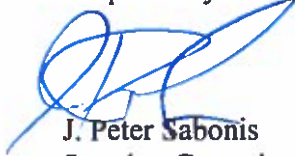
Grants, HOME, and housing subsidies has been consistent, regardless of administration, and looks, at this point, to be irreversible.

20/20 recognizes this, and asks the City to fill the gap where it does have capacity—through bonds, a subsidy tool that historically has been used to spur private, economic development.

This resolution sets on this road to critically examining the lessons of those subsidies. It should be complemented with a principled equitable criteria for evaluating those subsidies, to determine not simply how many jobs were created at what wages and terms, but what happened with property values, who was involuntary displaced, and what public resources were supplanted or lost because of blind devotion to a single development goal?

We look forward to working with the council as it moves toward a holistic equitable development framework centered on fundamental human need.


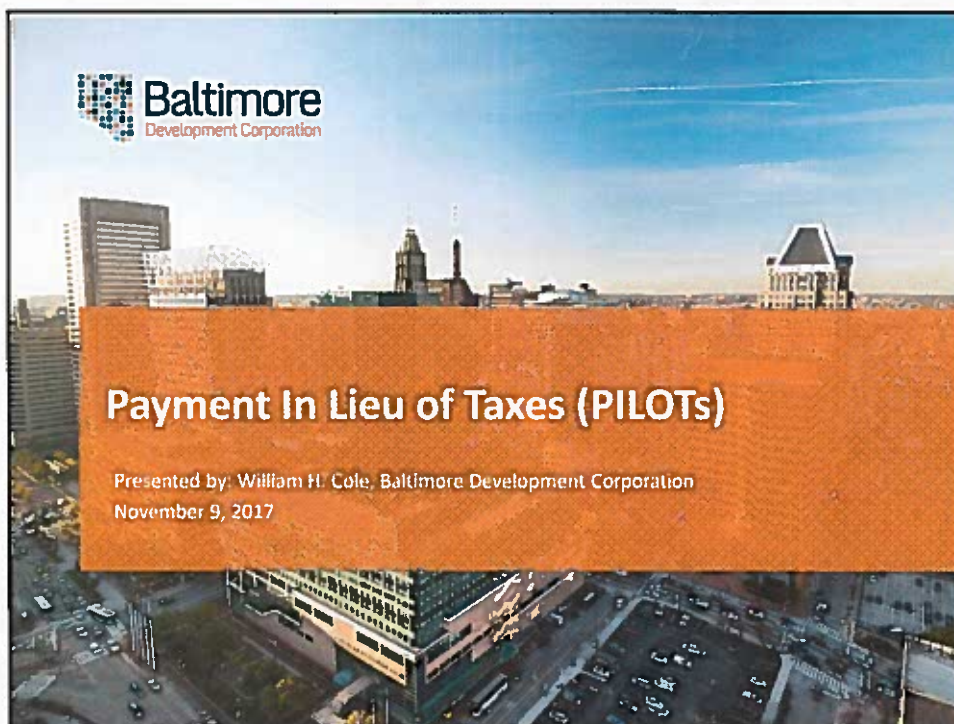
Respectfully submitted,



J. Peter Sabonis
Steering Committee Member
Baltimore Housing Roundtable Coalition
Director of Legal Strategies
National Economic and Social Rights Initiative

¹ Baltimore Housing Roundtable, *Community + Land + Trust: Tools for Development without Displacement*. (Jan. 2016)





PILOT Laws

- City or State-owned Land Leased to Private Entity (Tax Property Article 7-501)
- Vacant and Underutilized Property in Downtown (1998) (7-504.2)
- Economic Development in Certain Urban Renewal Areas (1999) (7-504.3)
 - Camden Station
 - Charles Center
 - Financial District
 - Harbor Campus
 - Inner Harbor East; Inner Harbor Project I; Inner Harbor West
 - Market Center ; Market Center West
 - Municipal Center
 - Key Highway
- Hippodrome Performing Arts Center (2000) (7-504.4)
- State-related Economic Development Project (2007)
- Economic Development Projects in Baltimore City (2013)
 - Deleted Urban Renewal requirements; authorized PILOTs Citywide

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received
11-9-17 *flc*

Tax Property Article 7-504.3



Economic Development PILOTs

The majority of BDC's PILOTs are considered "Economic Development PILOTs" under state law. To be PILOT-eligible, a project must be:

- A hotel that
 - Provides at least 100 FTE Jobs and at least \$20M of private capital investment
- An office building that
 - Provides at least 150 FTE Jobs and at least \$20M of private capital investment
- A retail facility that
 - Provides at least 100 FTE Jobs and at least \$10M of private capital investment
- A multifamily residential facility that
 - Provides at least \$5M of private capital investment
- An off-street parking facility that
 - Contains at least 250 Parking spaces and at least \$2.5M of private capital investment
- A mixed use facility containing one or more of the above

3



High Performance Tax Credit

In 2013, Baltimore City approved the "High Performance Tax Credit for Market Rate Rental Housing" in target areas of the City. A similar credit was later added for projects City-wide. This credit functions as a "By-Right" PILOT and effectively eliminated new PILOT applications for Economic Development projects.

- Since 2014, the City has only reviewed and approved one (1) PILOT, for a project in EBDI that *would have* taken the High Performance Credit, but was ineligible for being located in a TIF District.
- The Targeted High Performance Credit (15 Years) expires on December 31, 2017
- A five-year renewal of the Citywide High Performance Credit (10 Years) was approved by the City Council on June 5, 2017.

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BDC PILOTS



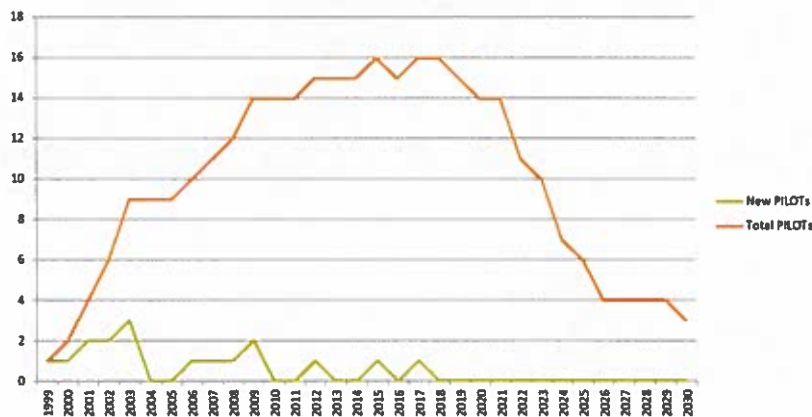
Project	Address	Year	Completion Yr	Expiration
Redwood Towers	31 S Eutaw St	1999	1999	2019
Baltimore Marriott Waterfront Hotel	700 Aliceanna St	2000	2001	2026
Lockwood Place Office & Garage	124 Market Pl	2001	2004	2024
Centerpoint	8 N Howard St	2001	2005	2025
Spinnaker Bay Inner Harbor East Parcel P-1	701-729 South President Street	2002	2006	2026
Hippodrome Performing Arts Center	12 N Eutaw St	2002	2002	2022
Residence Inn by Marriott	17 Light St	2003	2005	2016
The Zenith	511 W Pratt St	2003	2008	2023
Camden Court Apartments	300 W Lombard St	2003	2005	2020
St. James Place	418-422 N. Howard St	2006	2007	2022
Laureate Office & Garage	550 S Euter St	2007	2007	2022
The Fitzgerald	1201 W Mt Royal Ave	2008	2010	2030
Legg Mason Office Building	100 International Dr	2009	2009	2024
Legg Mason Garage		2009	2009	2034
The Lenora Flats & Lofts	114 E Lexington St	2012	2014	2034
State Center	300 W Preston St	2015		
Eager Square	1900 - 1901 E Eager St	2017		

7

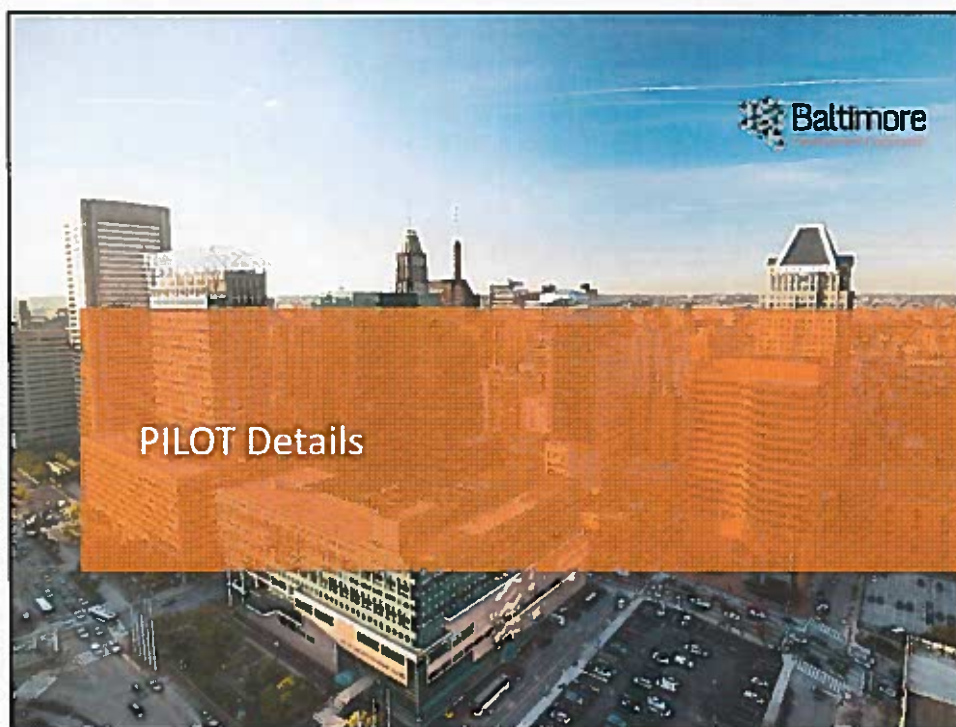
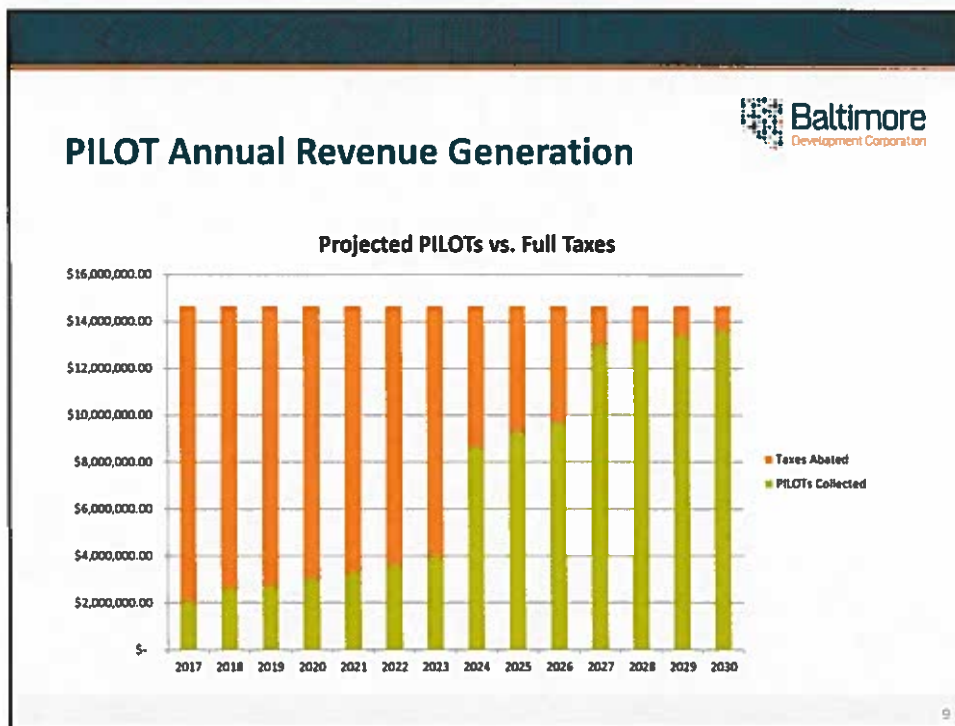
Current PILOT Agreements



Active PILOT Agreements



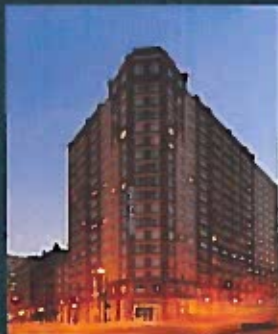
8



West Side (Downtown) PILOTs



Camden Court Apts.
2003
15 Year PILOT
200+ Apartments
111 Parking Spaces



Centerpoint
2001
20 Year PILOT
370 Apartments
450 Parking Spaces
50,000 SF Retail



Hippodrome
2002
20 Year PILOT
2,200 Seat Theater

West Side (Downtown) PILOTs



The Zenith
2003
Completed 2008
15 Year PILOT
191 Apartments
257 Parking Spaces



St. James Place
2006
15 Year PILOT
25 Apartments
1,800 SF Retail



Redwood Towers
1999
20 Year PILOT
151 Apartments

Harbor East PILOTS



Legg Mason Office & Garage
2009
15 Year PILOT (Office), 25 Years (Garage)
500,000 SF Office
1200 Underground Parking Spaces

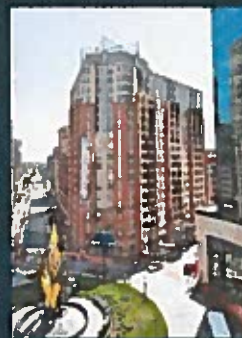


Laureate Office & Garage
2007
15 Year PILOT (Office & Garage Only)
200,000+ SF Office
787 Parking Spaces
Retail, Movie Theater, Gym, Condos,
Two Hotels

Harbor East PILOTS



Baltimore Waterfront Marriott
2000
25 Year PILOT
750 Hotel Rooms
620 Parking Spaces



Spinnaker Bay
2002
20 Year PILOT
314 Housing Units
431 Parking Spaces

Downtown PILOTs



Residence Inn
2003
10 Year PILOT
PILOT EXPIRED 2016
170 Hotel Rooms



The Lenore Apts.
2012
20 Year PILOT
102 Apartments
10,500 SF Retail
Historic Conversion



Lockwood Place
2001
20 Year PILOT
220,000 SF Office
960 Space Parking Garage

State Center/UB Area PILOTs



The Fitzgerald
2008
20 Year PILOT
280 Apartments
14,000 SF Retail
1250 Space Parking Garage



State Center
2015
20 Year PILOT (Phase 1 of Project Only)
515,000 SF of State-Leased Office
PILOT pending project development

Upcoming PILOTs

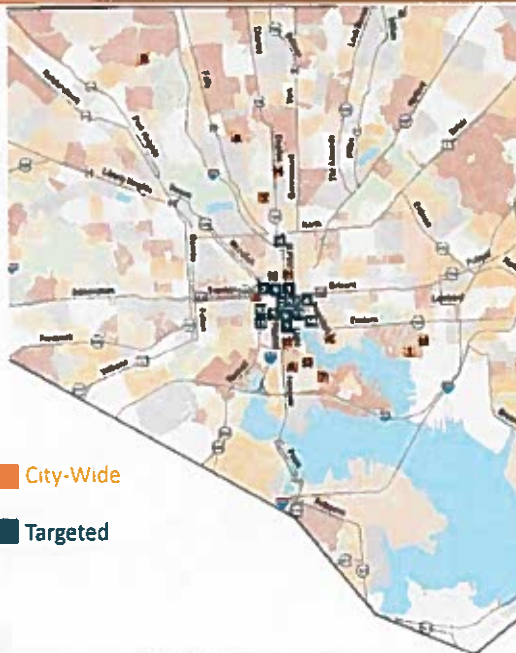


Eager Square
 2016
 15 Year PILOT
 246 Residential Units
 3,500 SF Retail, 152 Parking Spaces
 Pending Final City Approval of Agreement

Projects Which Applied for the HPMRTC

1. 1212 S EAST AVE
2. 501 W FRANKLIN ST
3. 2700 REARINGTON AVE
4. 711 S CENTRAL AVE
5. 7211 W ROGERS AVE
6. 1218 LIGHT ST
7. 1430 LAWRENCE ST
8. 711 W 40TH ST
9. 1710 DUNDALK AVE
10. 815 PARK AVE
11. 824 N CALVERT ST
12. 414 LIGHT ST
13. 1211 COVINGTON ST
14. 3200 SAINT PAUL ST
15. 3610 DILLON ST

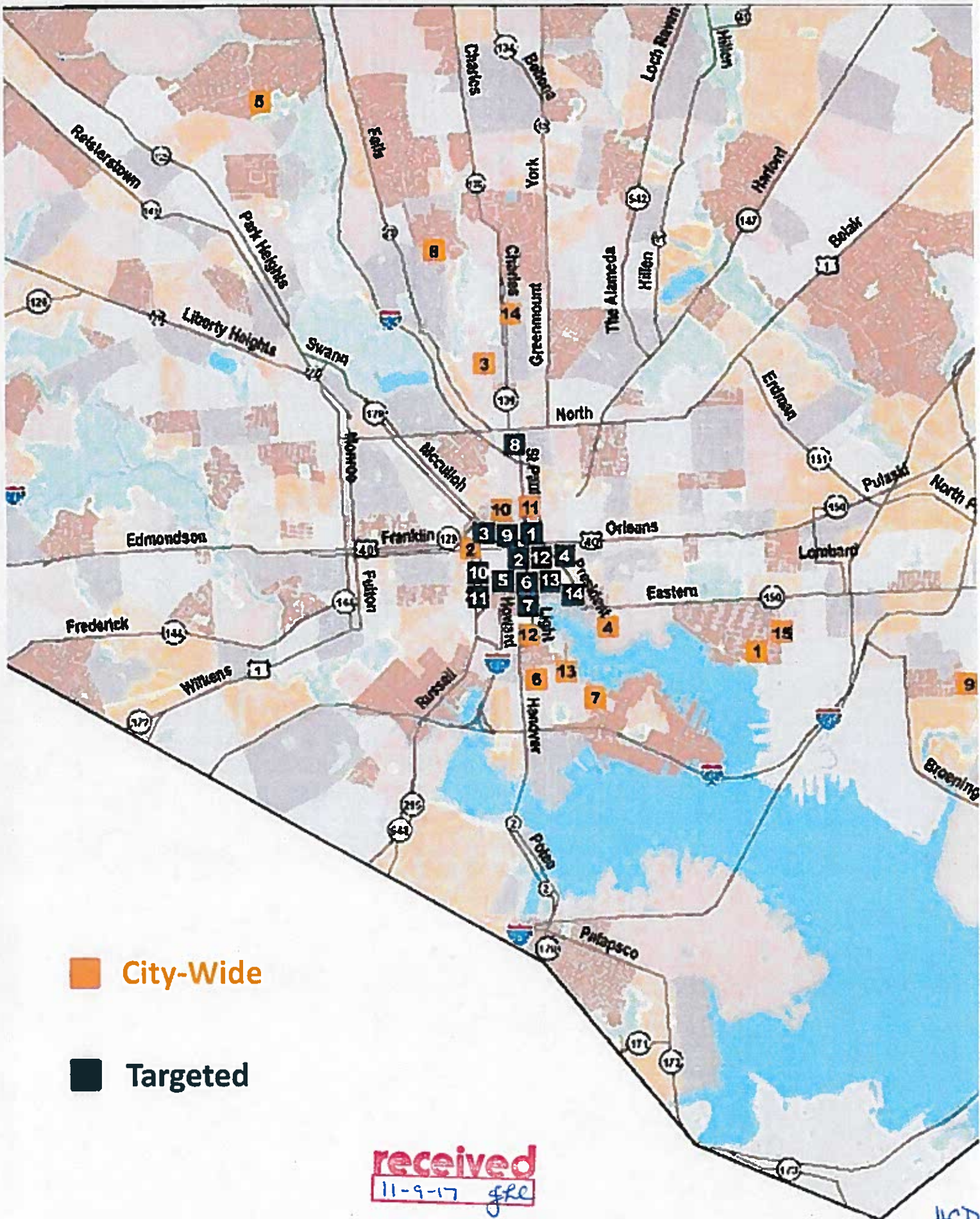
1. 521 SAINT PAUL ST
2. 301 N CHARLES ST
3. 520 PARK AVE
4. 12 N CALVERT ST
5. 10 LIGHT ST
6. 26 S CALVERT ST
7. 30 S CALVERT ST
8. 20 E LANVALE ST
9. 500 PARK AVE
10. 111 W BALTIMORE ST Lot 22
11. 111 W BALTIMORE ST Lot 22D
12. 207 N CALVERT ST
13. 7 LIGHT ST
14. 103 S GAY ST

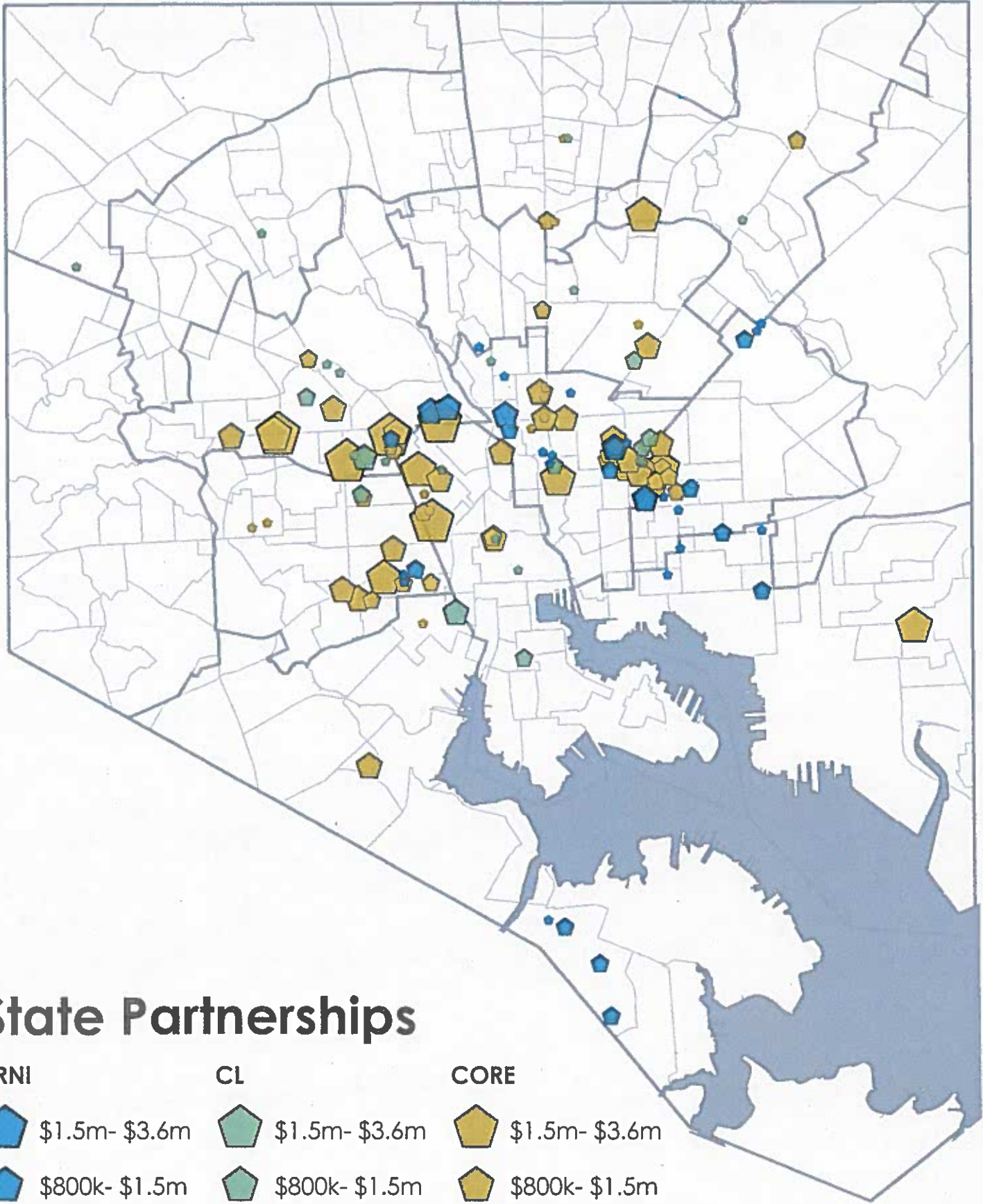


City-Wide

Targeted

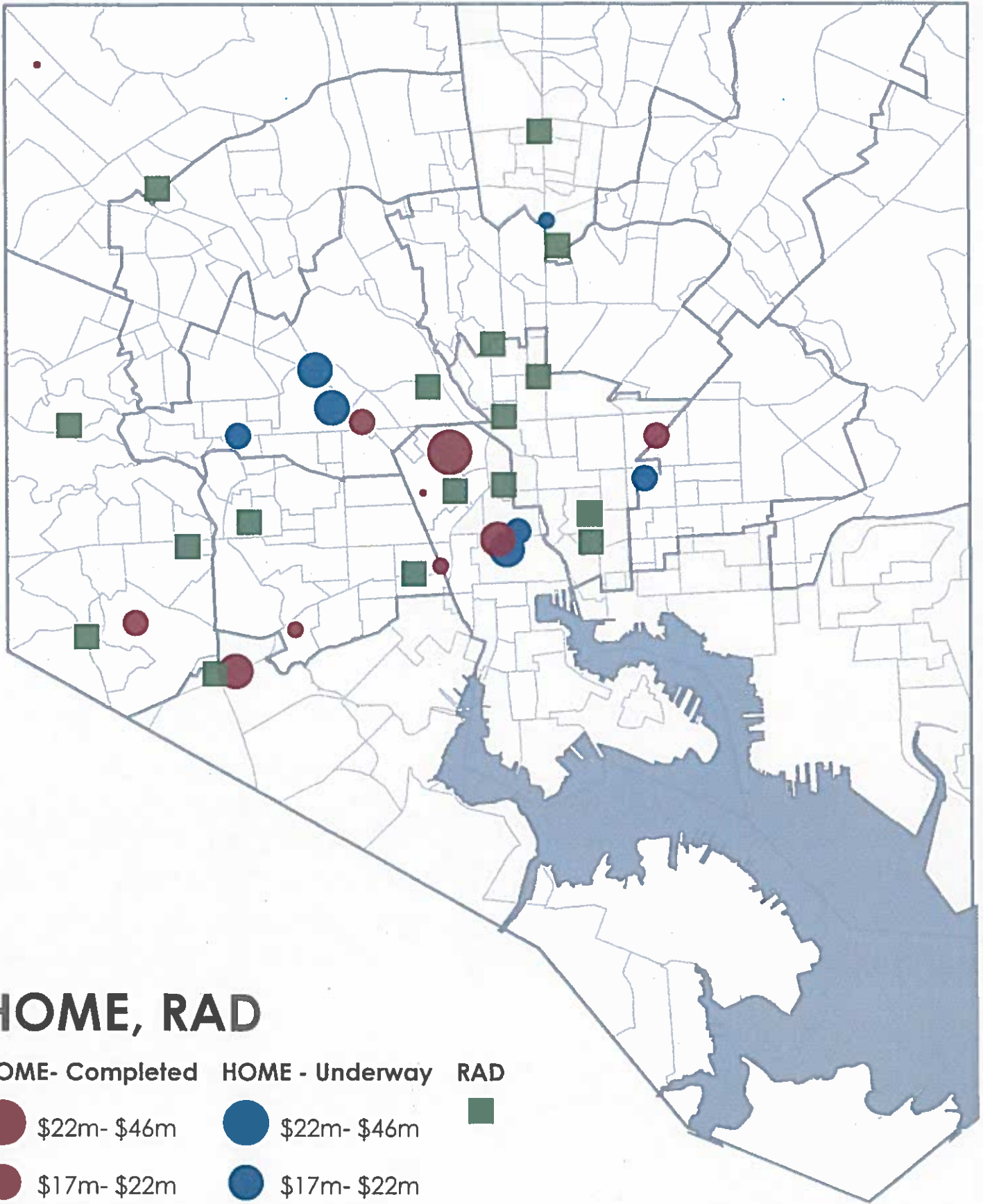
Projects Which Applied for HPMRTC





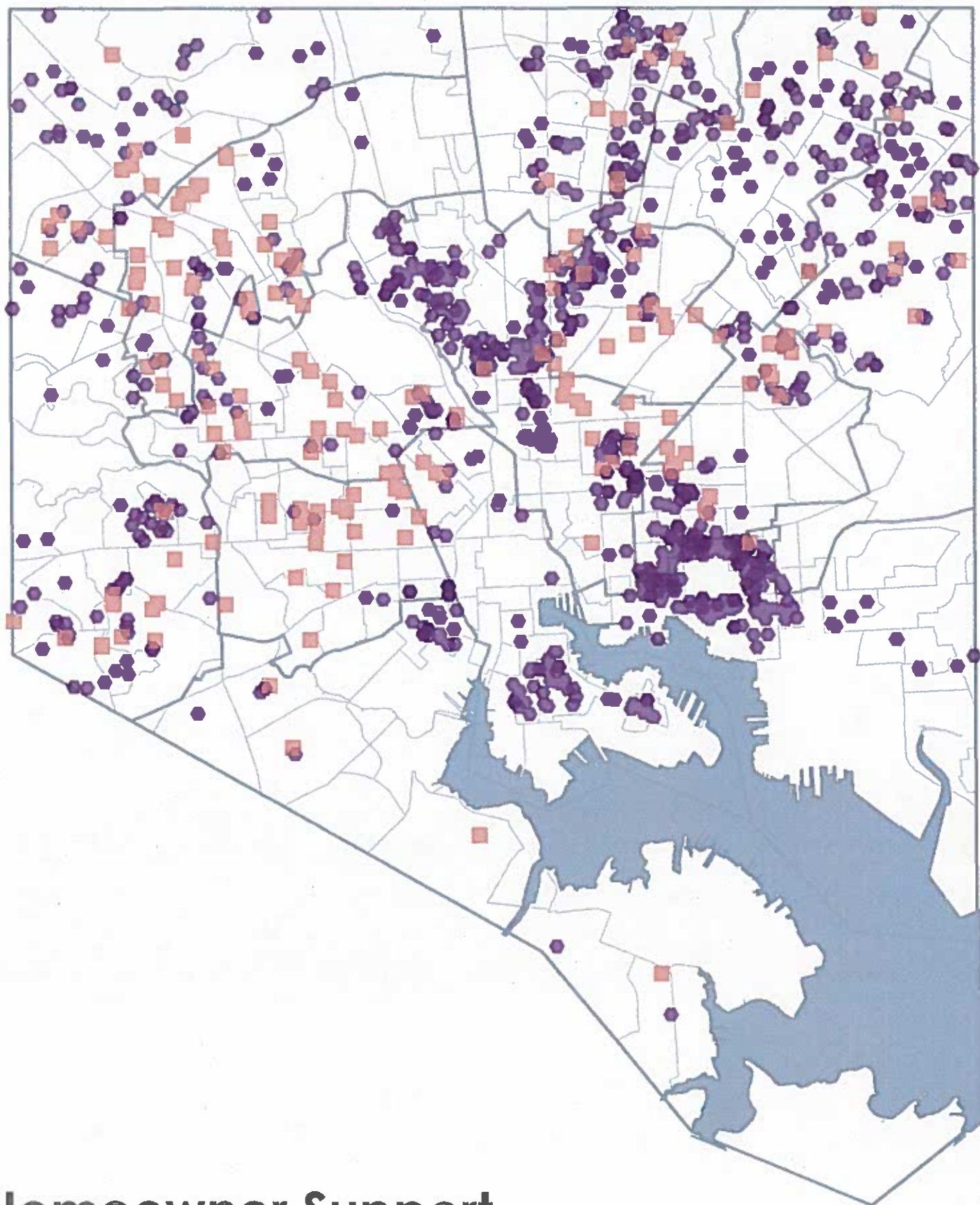
State Partnerships

BRNI	CL	CORE
\$1.5m- \$3.6m	\$1.5m- \$3.6m	\$1.5m- \$3.6m
\$800k- \$1.5m	\$800k- \$1.5m	\$800k- \$1.5m
\$400k- \$800k	\$400k- \$800k	\$400k- \$800k
\$200k- \$400k	\$200k- \$400k	\$200k- \$400k
\$100k- \$200k	\$100k- \$200k	\$100k- \$200k



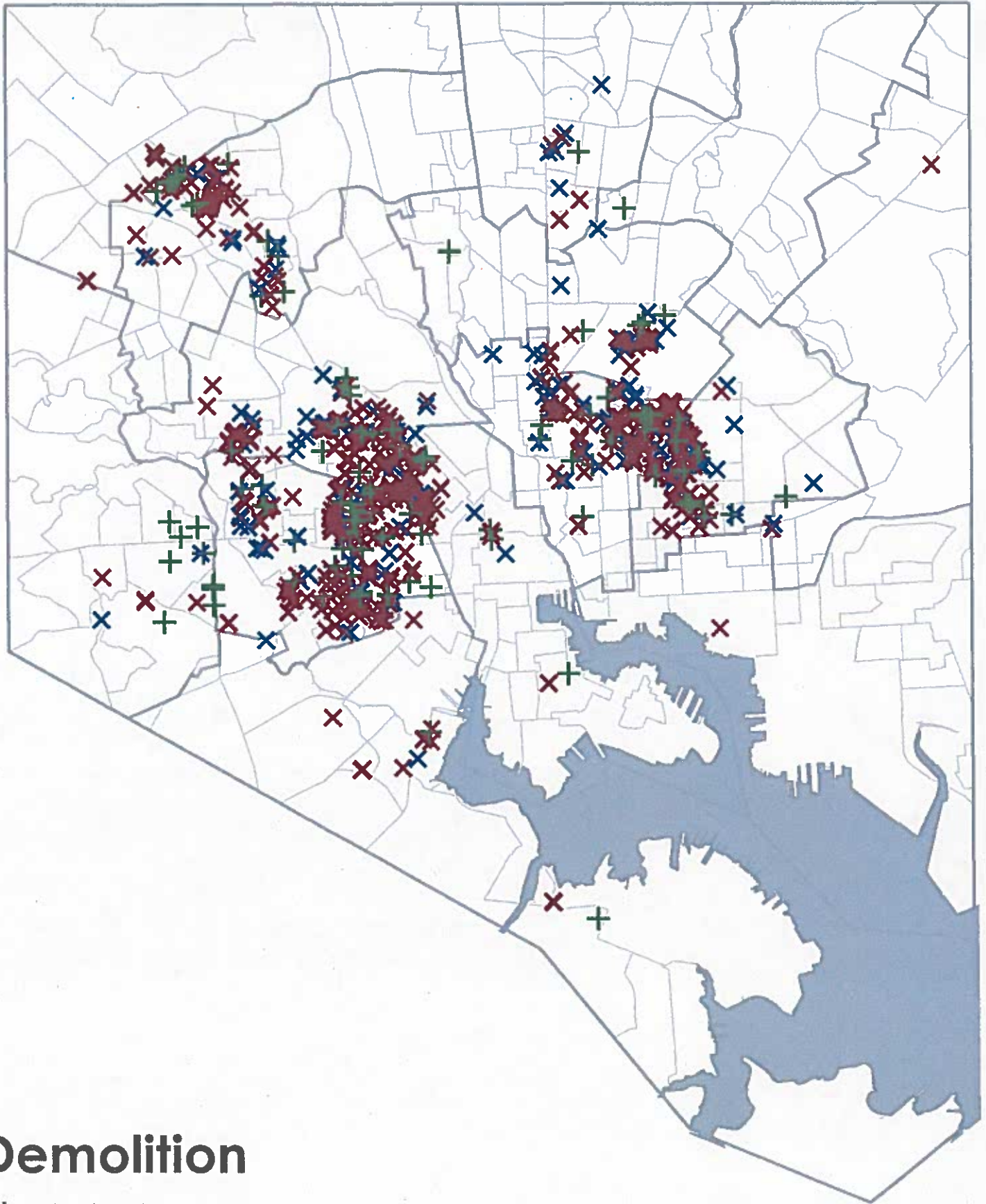
HOME, RAD

HOME- Completed	HOME - Underway	RAD
\$22m- \$46m	\$22m- \$46m	
\$17m- \$22m	\$17m- \$22m	
\$12m- \$17m	\$12m- \$17m	
\$3.6m- \$12m	\$3.6m- \$12m	
\$2.2m- \$3.6m	\$2.2m- \$3.6m	



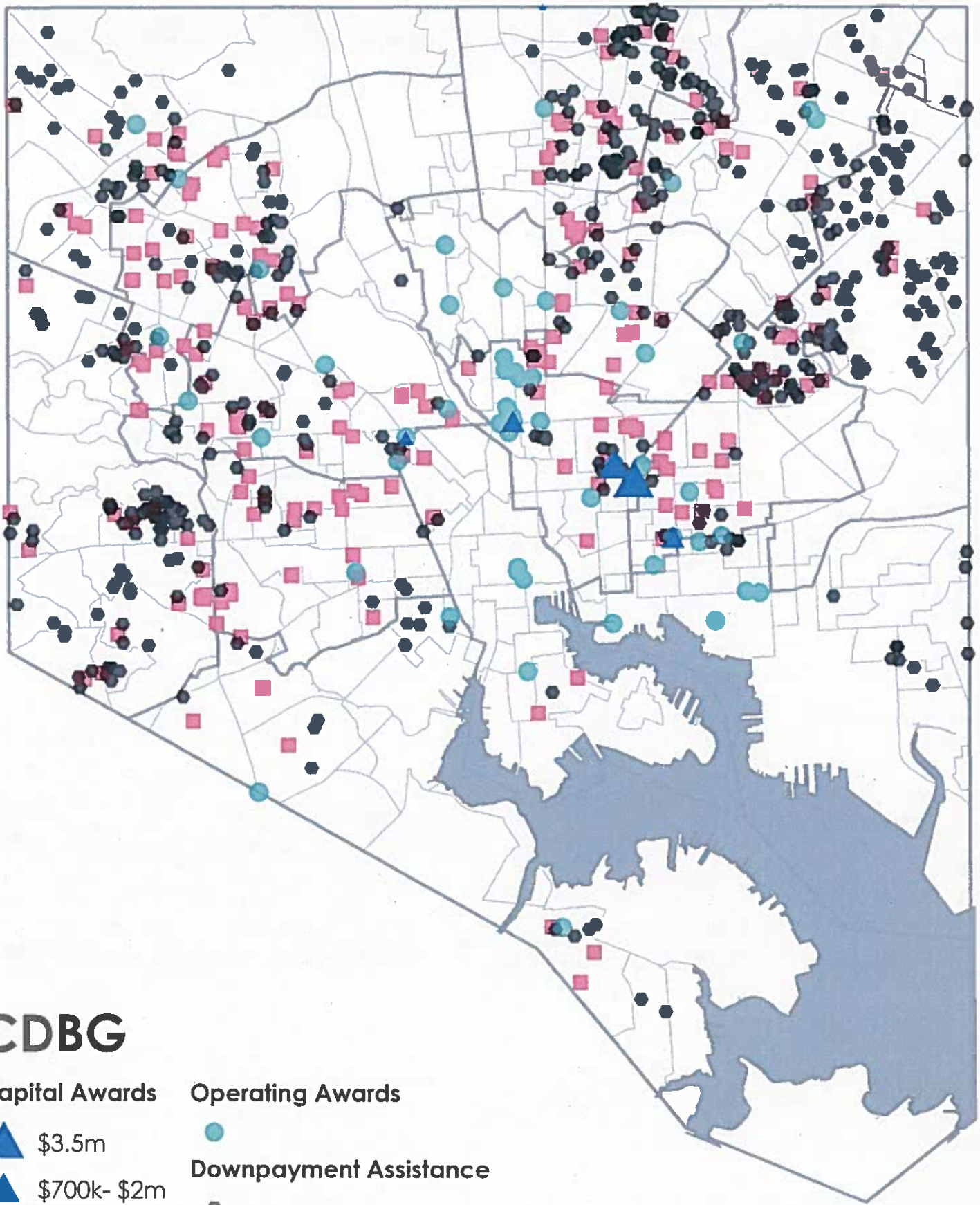
Homeowner Support

- Rehabilitation
- Incentive



Demolition

- + Stabilization
- × Full Demolition
- × Partial Demolition



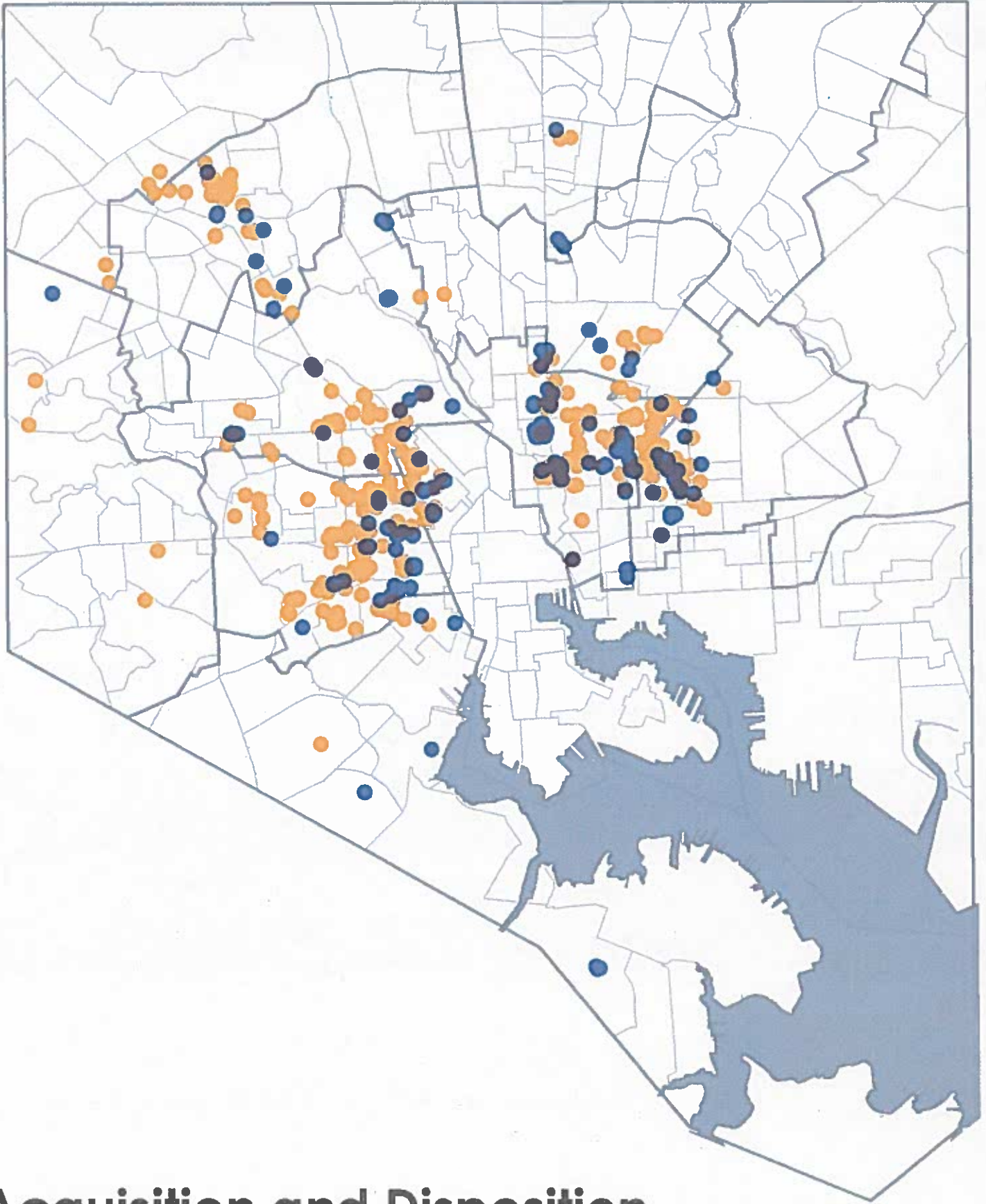
CDBG

Capital Awards

- ▲ \$3.5m
- ▲ \$700k- \$2m
- ▲ \$700k
- ▲ \$100k
- ▲ \$30k

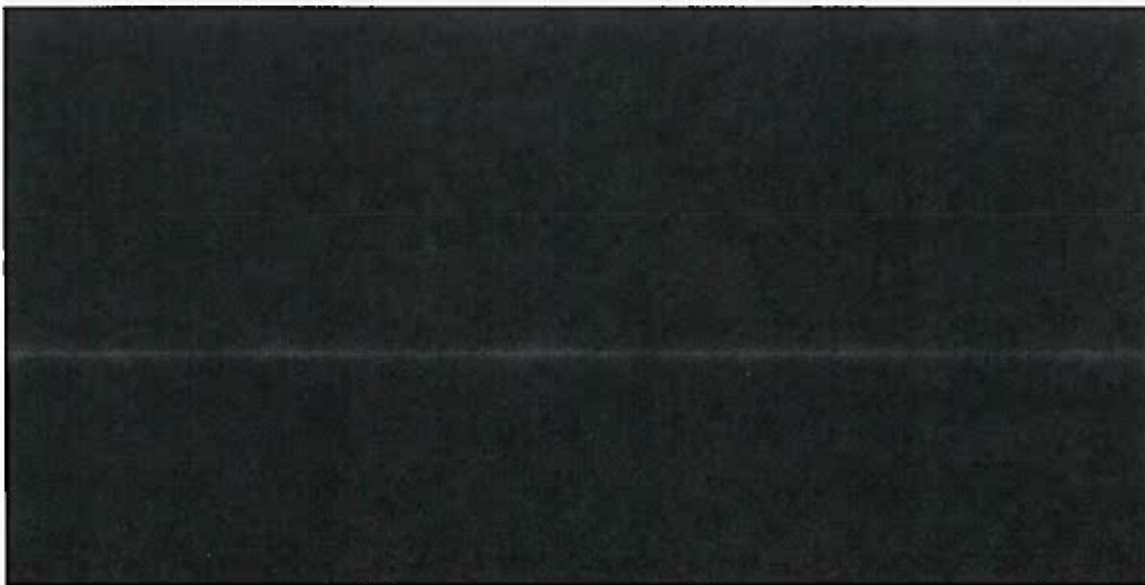
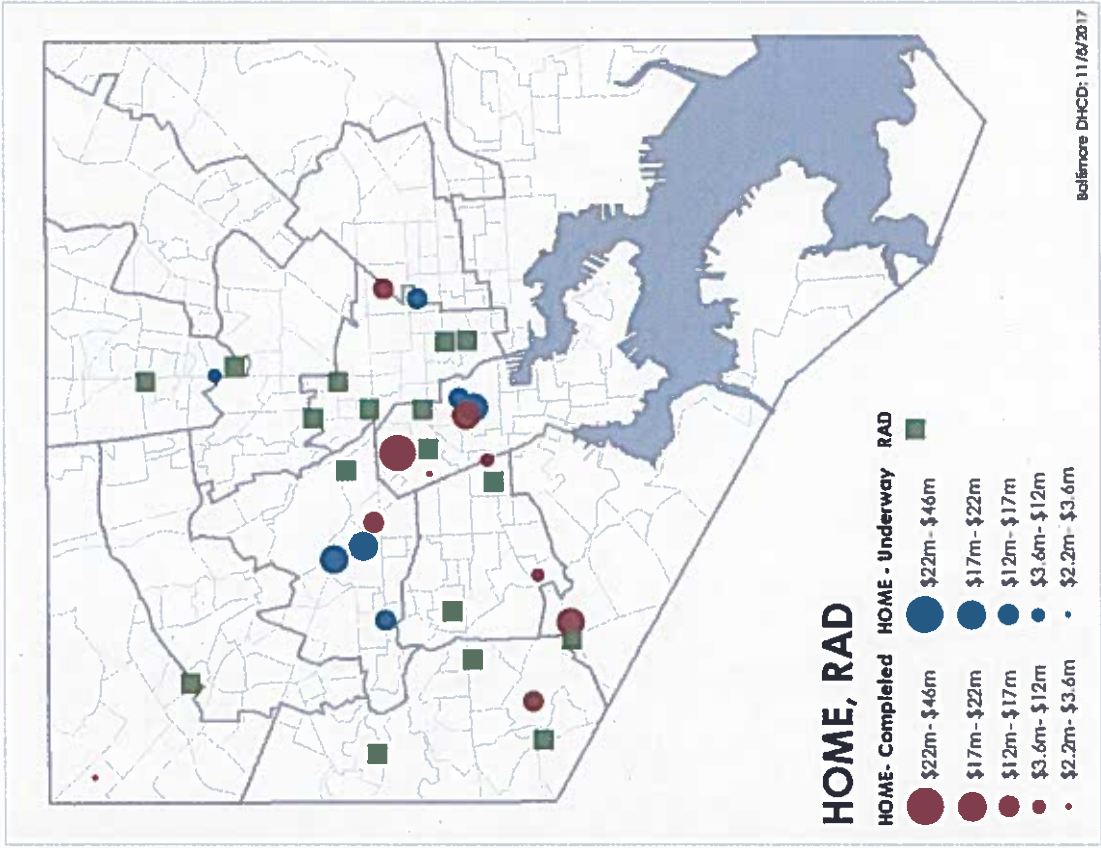
Operating Awards

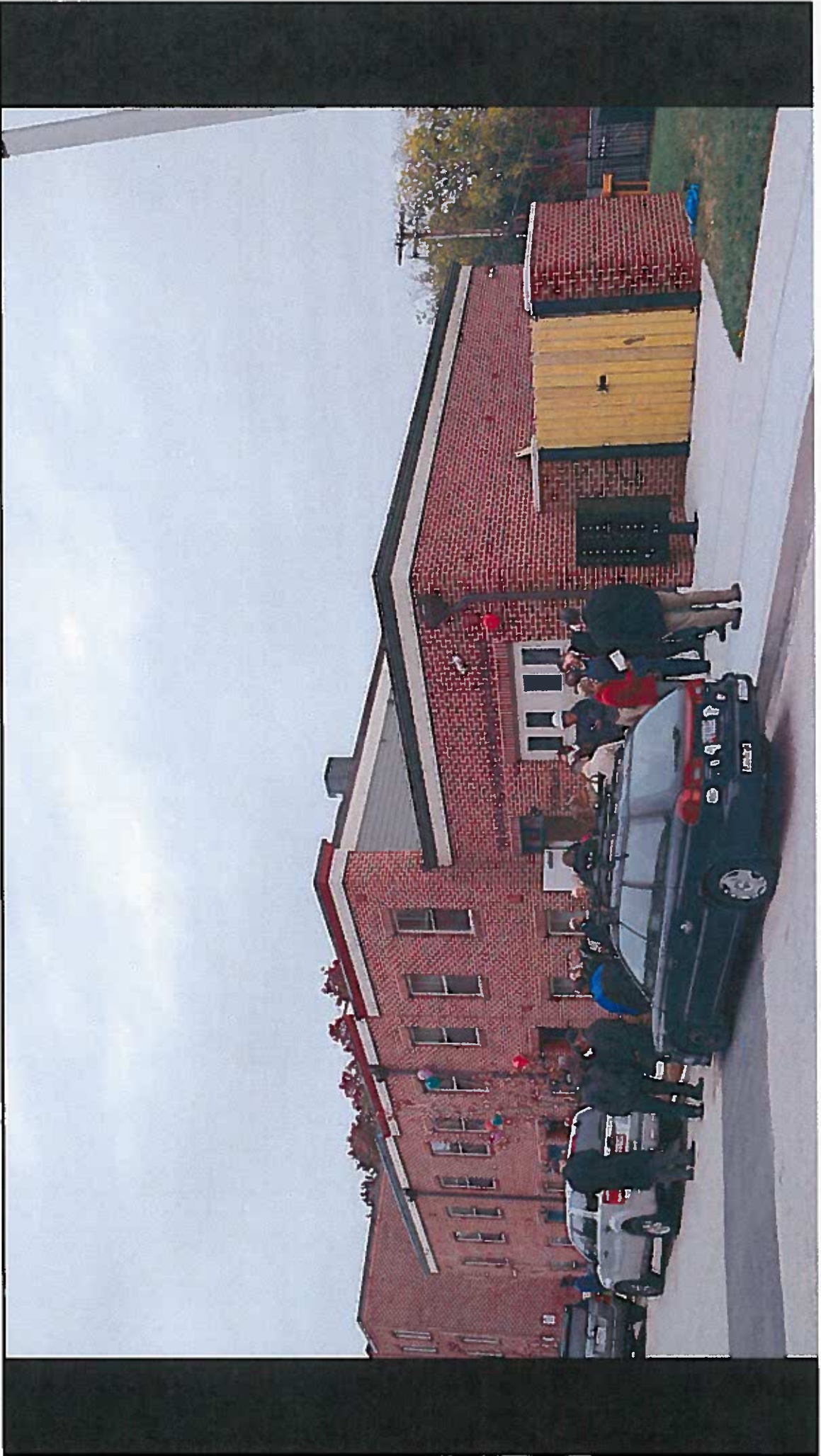
- Downpayment Assistance
- Rehabilitation Assistance
-

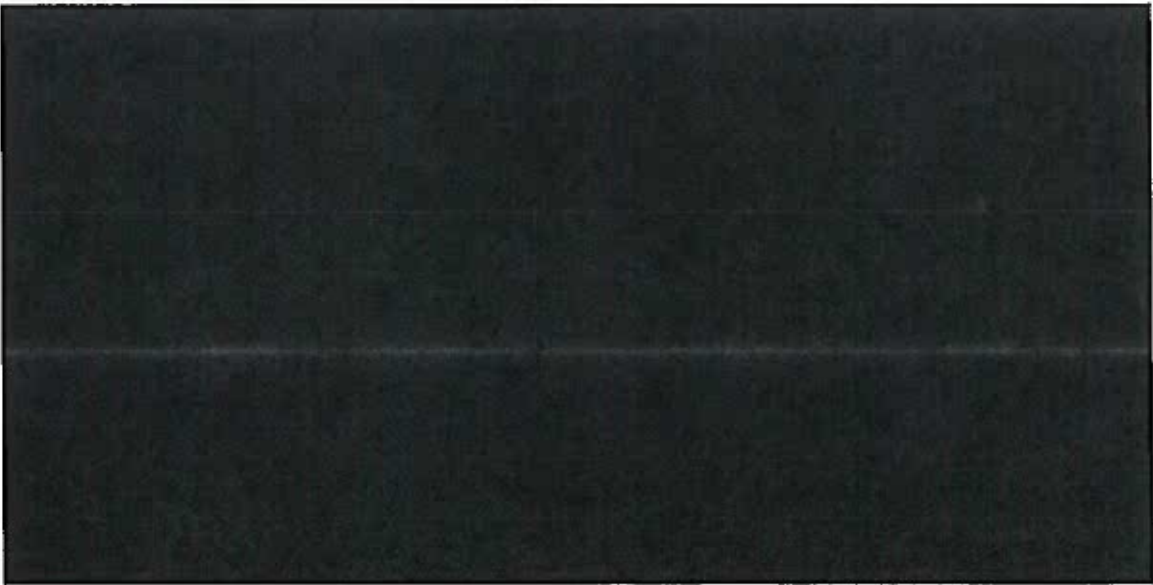
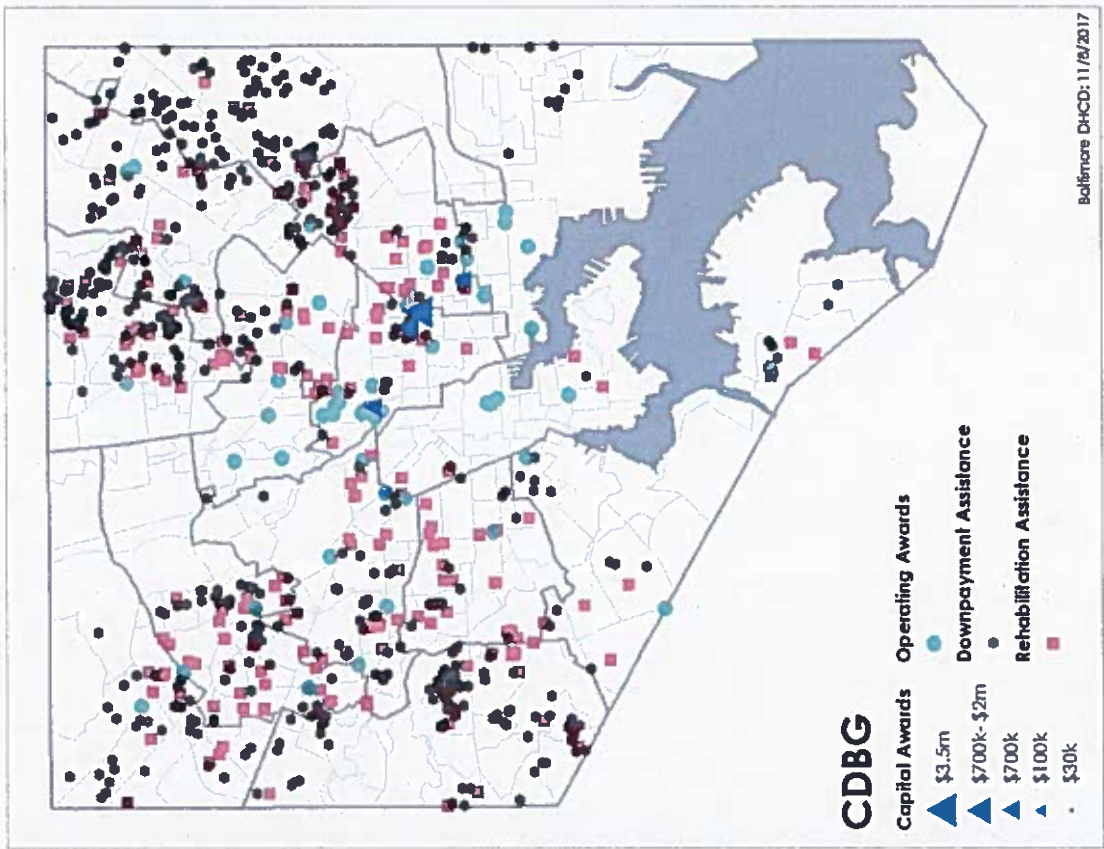
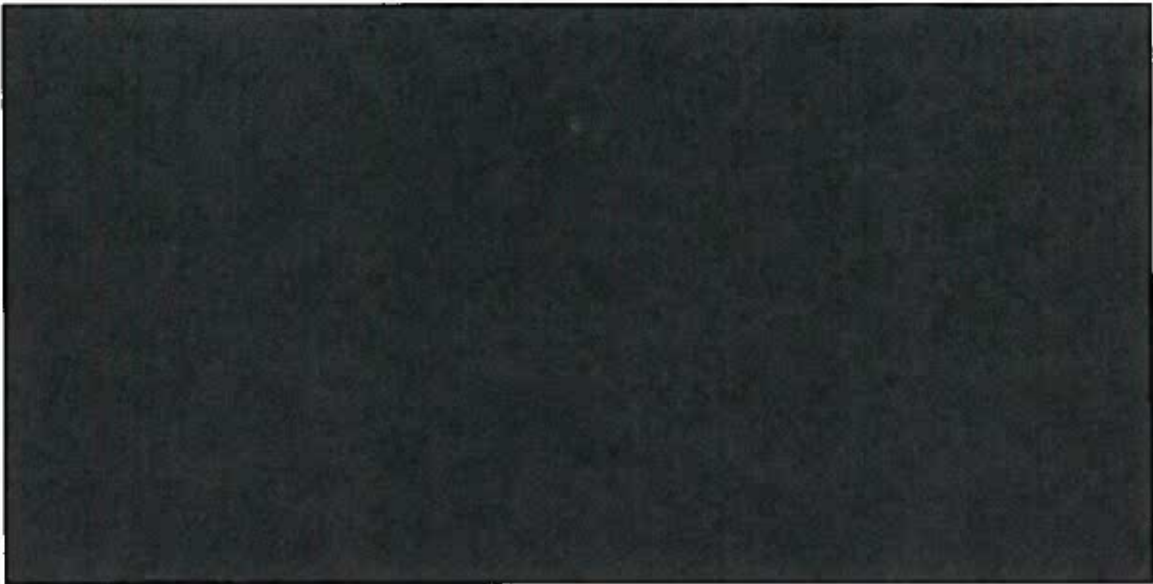


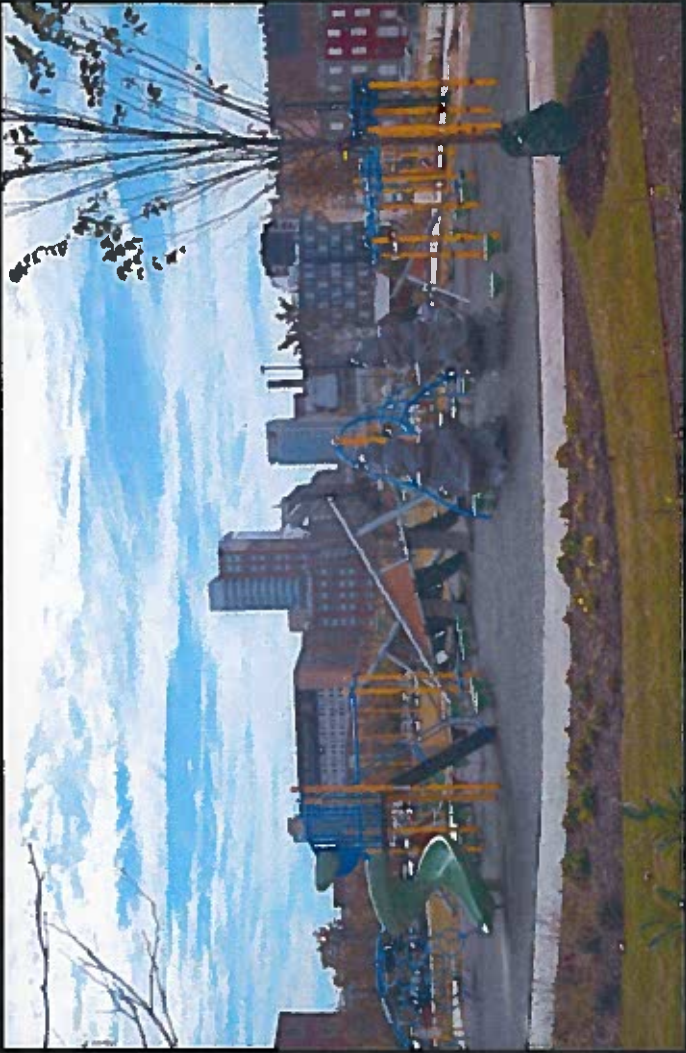
Acquisition and Disposition

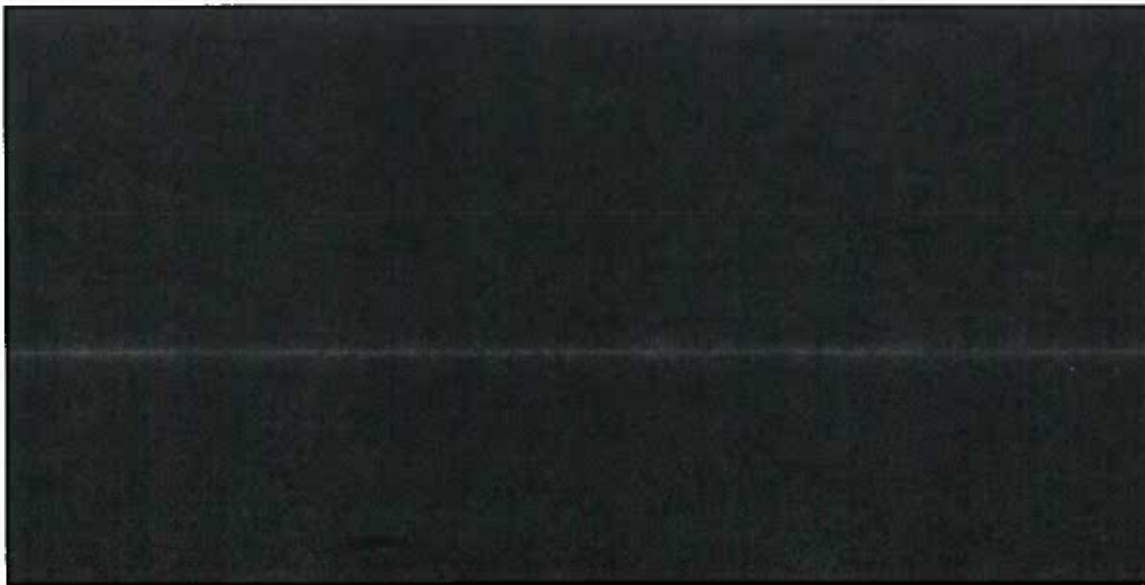
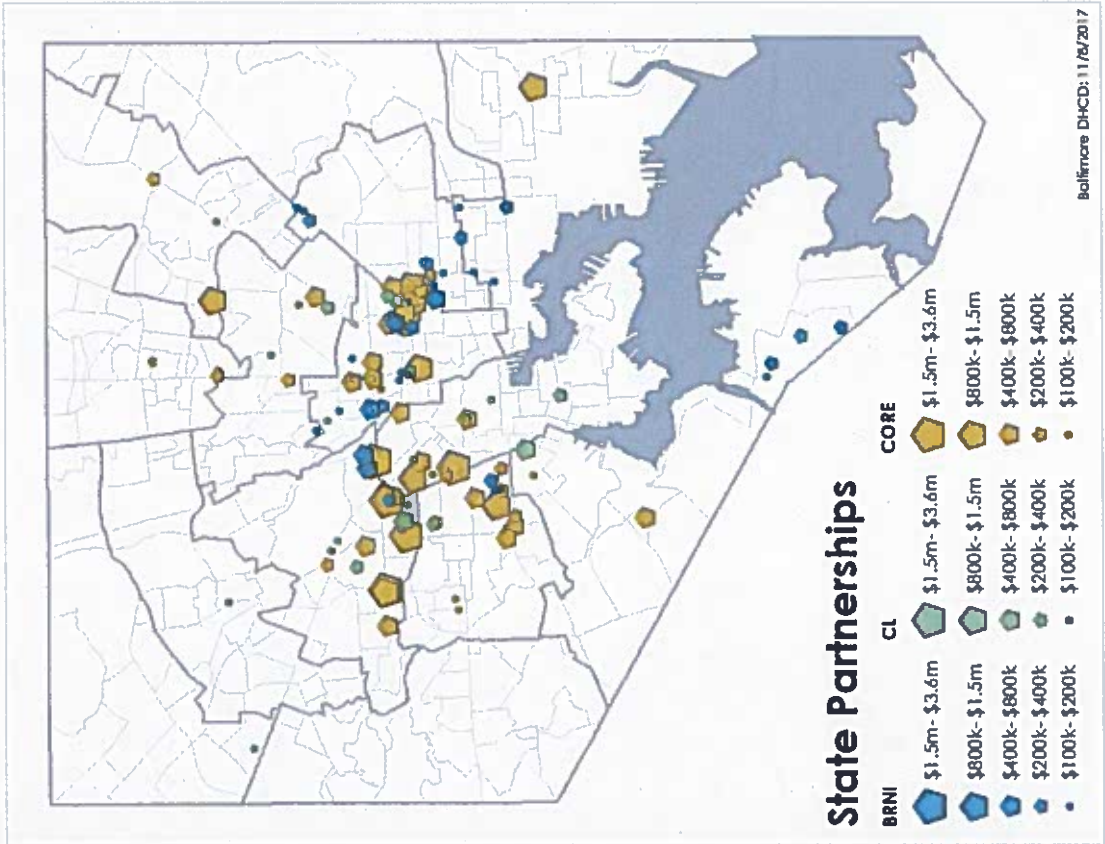
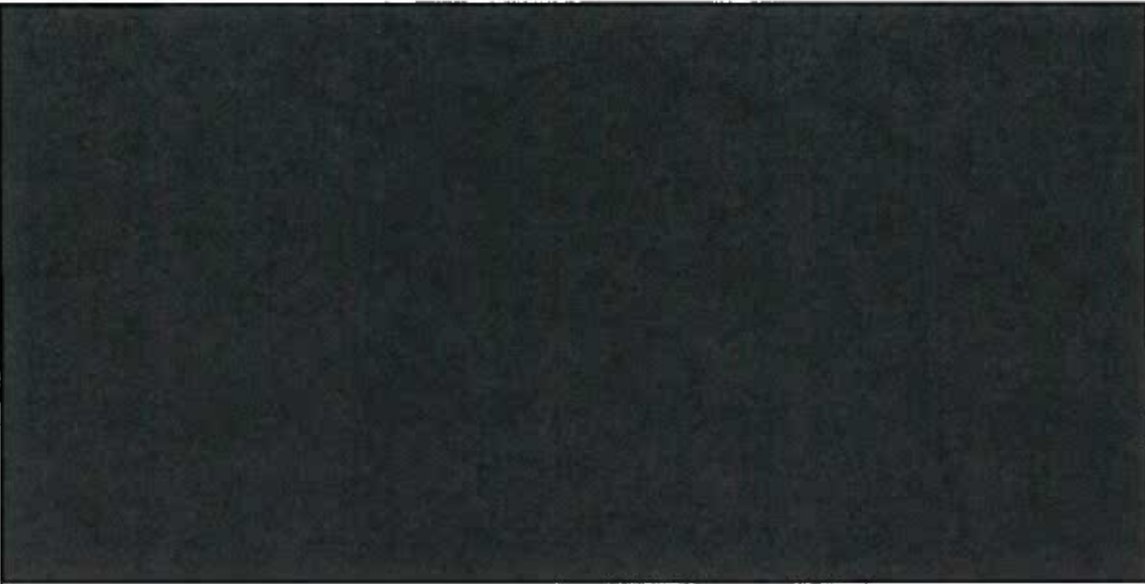
- Sold
- Acquired



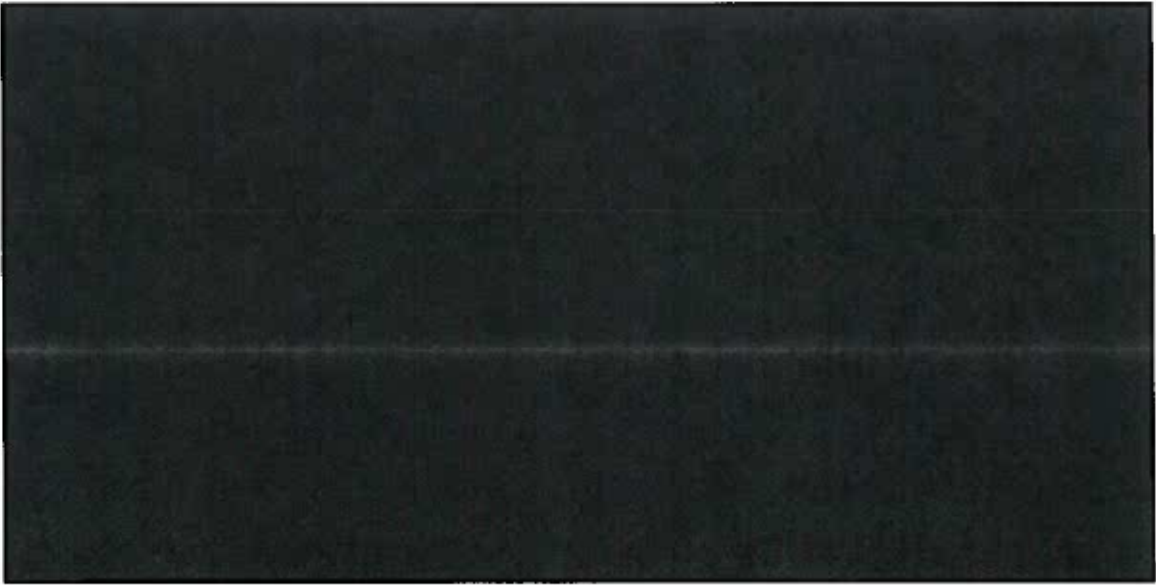
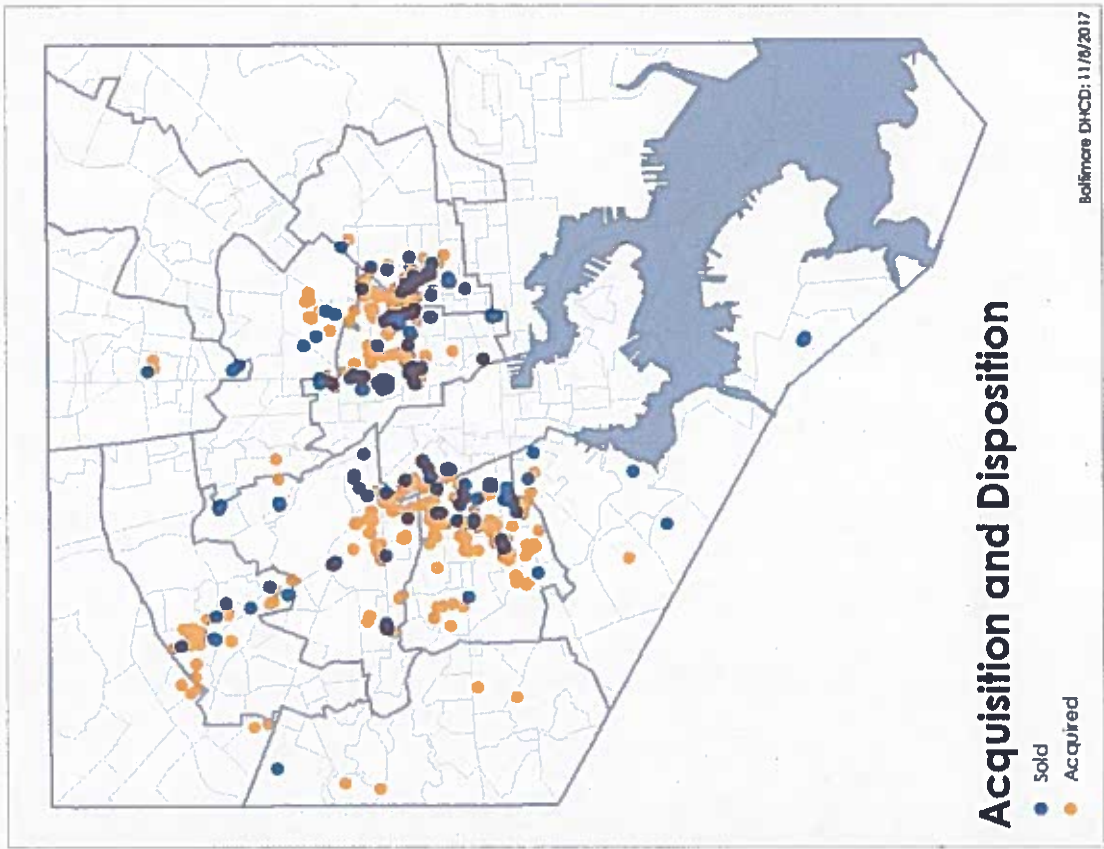
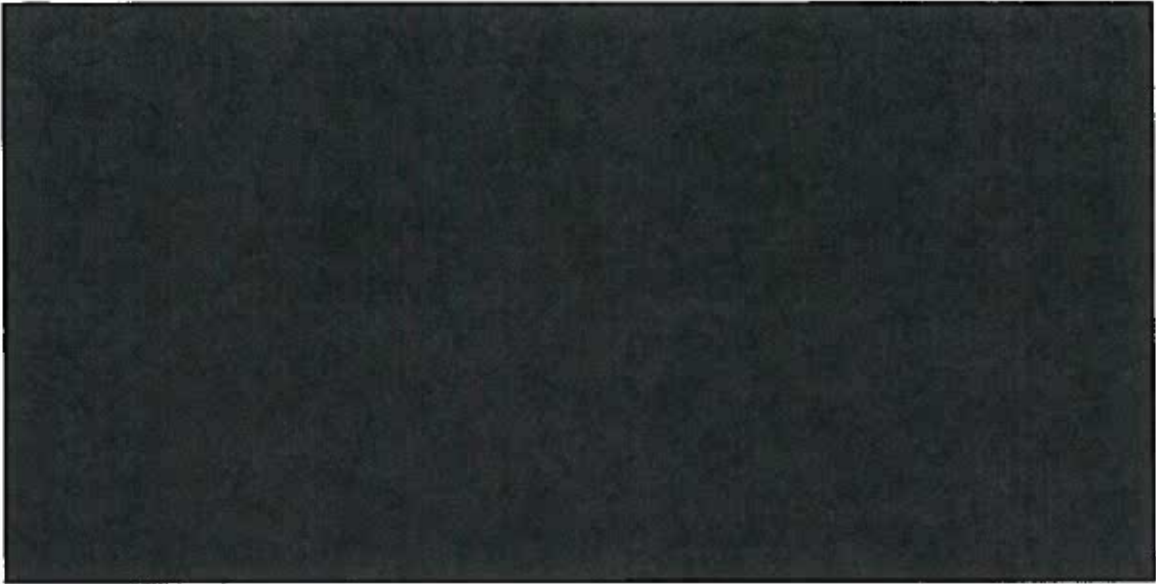




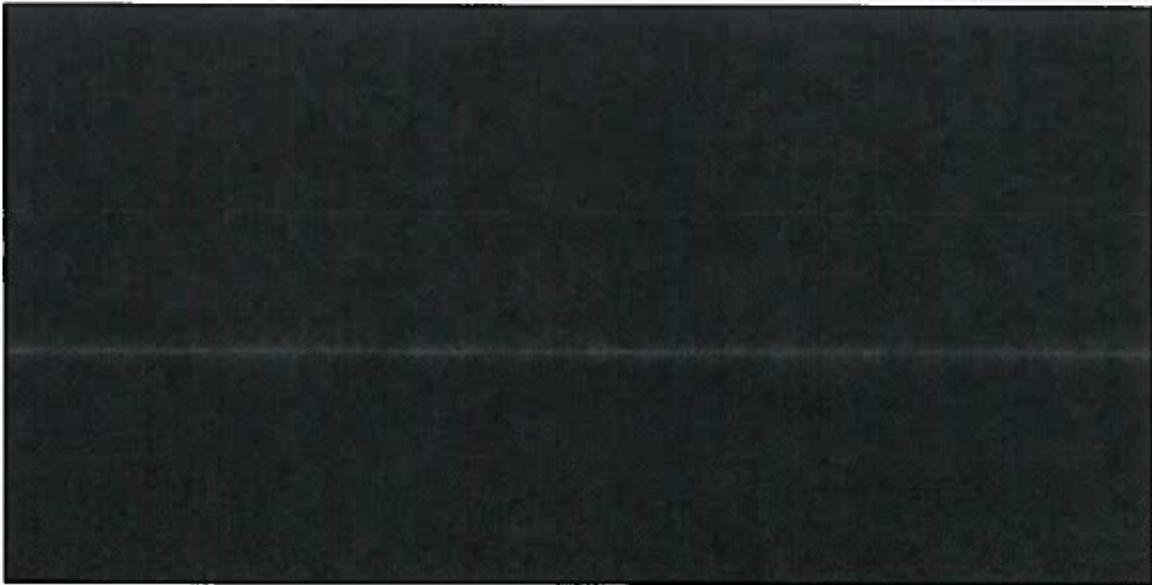
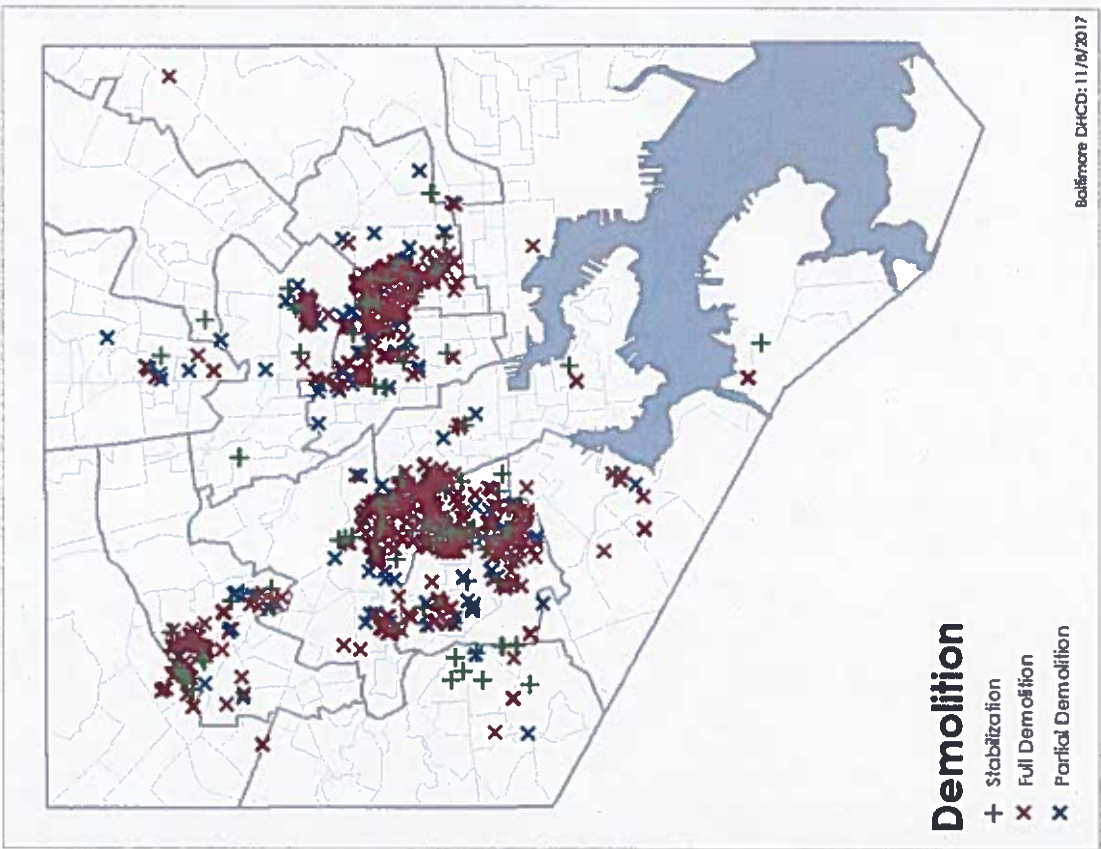
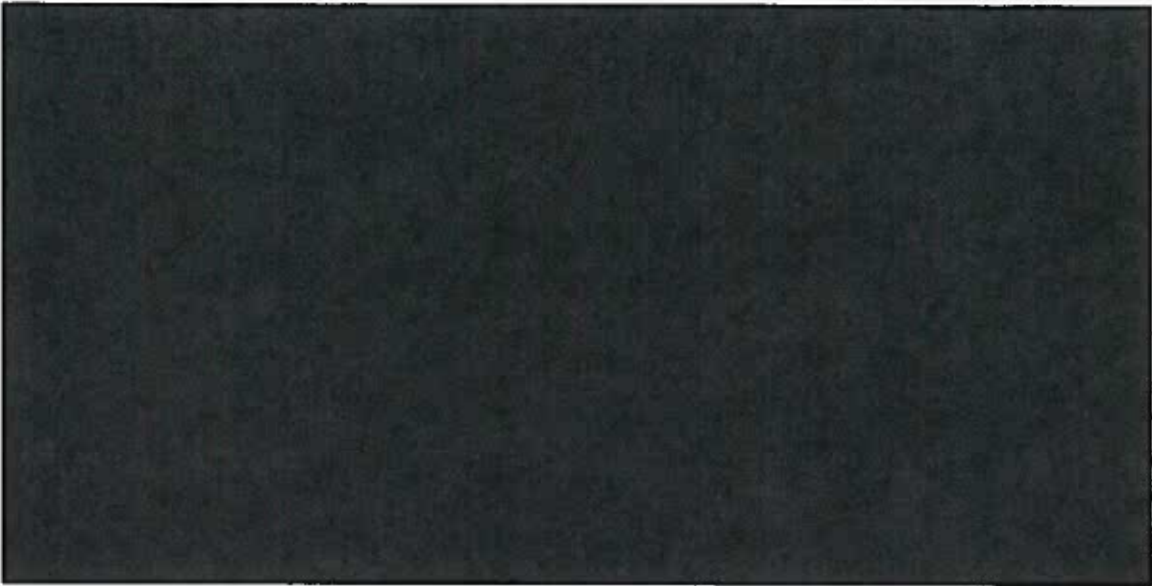




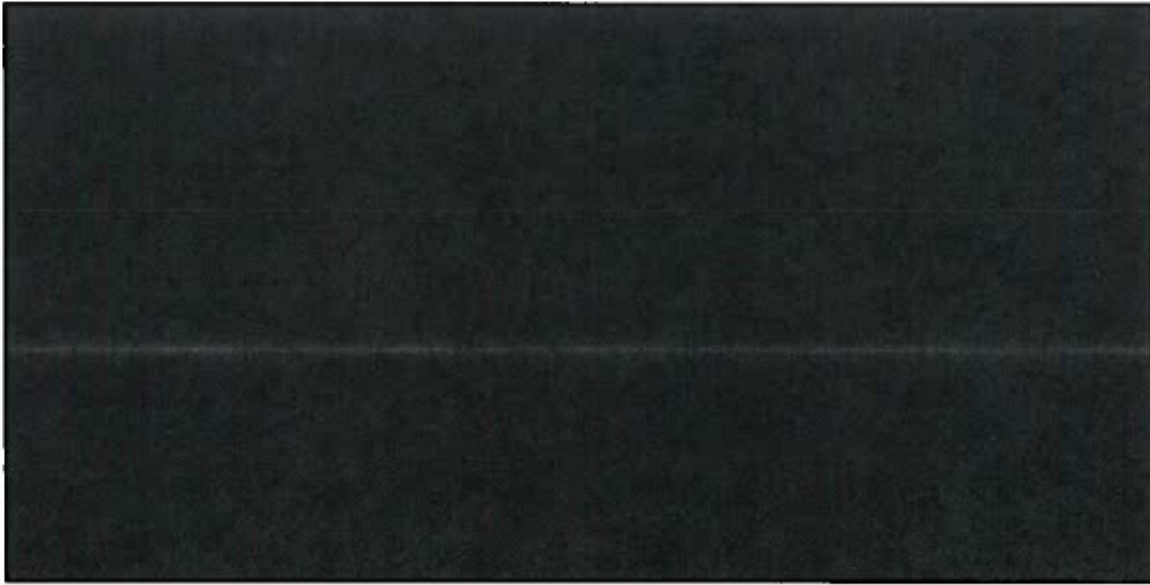
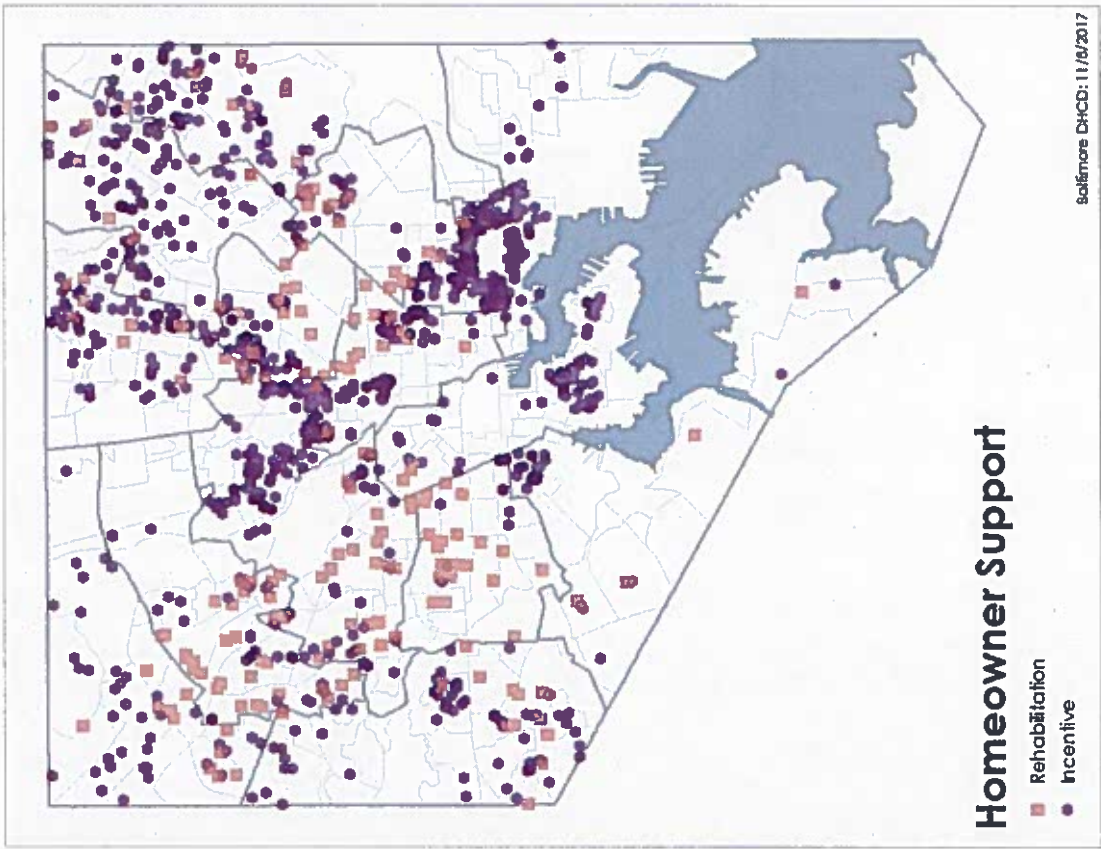














November 9, 2017

The Committee on the Whole
100 Holliday St. #400
Baltimore, MD 21202



Re: Council Bill 17-0020R

Dear Committee Members:

On behalf of the Baltimore Housing Roundtable (BHR), a coalition of persons who rent, own property or are homeless in Baltimore City, I submit the following in support of Council Bill 17-0020R, a resolution concerning Oversight on Private Development Incentives.

The BHR welcomes any move toward improved transparency and accountability relative to private development incentives. Indeed, the BHR embraces a principled development framework of universality, equity, participation, transparency, and accountability to human needs and human rights. It is for these reasons that we issued a report in January 2016 articulating a community-driven development roadmap for Baltimore: a commitment to prioritize human needs, creation of a housing trust fund, additions and revisions to the City's vacant property disposition program (Vacants to Values), community capacity building, and 20/20--\$20 million in bond money annually for the creation of community land trusts and \$20 million annually for vacant property deconstruction, demolition, and greening through projects that prioritize the hiring of returning citizens.¹

20/20 is more than resources for neighborhoods; it is an equitable development plan that attempts to address the structural racism and structural inequality that first led prior policy makers down the pathway of private development subsidies. It addresses two issues that are fundamental to municipal equitable development: the control of land and the distribution of resources.

Land values are the bellwether to equitable development. If we succeed in policies that create jobs, raise wages, improve education, remove blight, and ensure environmental sustainability—all objectives of prior development subsidies—we raise land values. And if we don't address the speculative pressures that come with this, the rising tide can flip over the boats of those who rent, own (on fixed-incomes), and are trying to get off the street. Community land ownership, through Community Land Trusts that equitably "right-size" property resale values, is a key means to address this, and a key to transforming neighborhoods from bystanders to active agents of development.

Resources, of course, are another key. For the last 40 years, the federal government has become an estranged partner in local development. The decline in Community Development Block

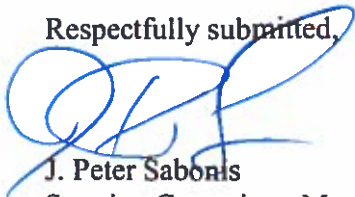
Grants, HOME, and housing subsidies has been consistent, regardless of administration, and looks, at this point, to be irreversible.

20/20 recognizes this, and asks the City to fill the gap where it does have capacity—through bonds, a subsidy tool that historically has been used to spur private, economic development.

This resolution sets on this road to critically examining the lessons of those subsidies. It should be complemented with a principled equitable criteria for evaluating those subsidies, to determine not simply how many jobs were created at what wages and terms, but what happened with property values, who was involuntary displaced, and what public resources were supplanted or lost because of blind devotion to a single development goal?

We look forward to working with the council as it moves toward a holistic equitable development framework centered on fundamental human need.

Respectfully submitted,



J. Peter Sabonis
Steering Committee Member
Baltimore Housing Roundtable Coalition
Director of Legal Strategies
National Economic and Social Rights Initiative

ⁱ Baltimore Housing Roundtable, *Community + Land + Trust: Tools for Development without Displacement*. (Jan. 2016)



League of Women Voters of Baltimore City

6600 York Road, Suite 211, Baltimore, MD 21212

410-377-7738 • E-mail: lwwbaltimore@comcast.net • www.lwv-baltimorecity.org

Facebook: league of women voters of baltimore city

TESTIMONY TO COMMITTEE OF THE WHOLE OVERSIGHT HEARING

Bill 17-0020R—Private Development Incentives

POSITION: Support

BY: Lois Hybl and Flo Valentine, Co-Presidents

DATE: November 9, 2017

The League of Women Voters of Baltimore City strongly supports City Council Bill 17-0020R—Private Development Incentives. We have long supported and advocated for increased transparency and public accountability around issues related to public incentives (i.e., public money) provided for private sector development. One of our positions is: “Action to encourage City government to be open, responsive, and accountable to the needs of citizens and to assure opportunities for citizen participation in decision making.” This bill is a positive step in that direction.

The economic development structure—a triumvirate including the Baltimore Development Corporation (BDC), the Baltimore City Board of Estimates, and the Department of Finance—privileges the executive branch. For example, the BCD, created by the executive branch of city government, serves as a liaison between city agencies and businesses. Reporting to the mayor, it operates to promote economic development and is designed to promote the interests of the business community and serve as a liaison between city agencies and businesses.

This bill will bring needed oversight to the private development process by bringing the City Council into the process early on. It will also help to insure that the interests of the citizens of Baltimore City are taken into account when awarding public money for private development. Finally, this bill will also provide greater accountability for how economic development incentives are awarded. Currently, most of the decisions made before there is much public discussion.

received
11-9-17 JRL

**CITY OF BALTIMORE
COUNCIL BILL 17-0020R
(Resolution)**

Introduced by: Councilmembers Henry, Clarke, Reisinger, Middleton, Pinkett, Dorsey, Burnett,
Sneed, Bullock, Cohen, Scott

Introduced and read first time: April 3, 2017

Assigned to: Committee of the Whole

REFERRED TO THE FOLLOWING AGENCIES: Baltimore Development Corporation, Department of
Finance, Department of Housing and Community Development

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

2 **Oversight Hearing – Private Development Incentives**

3 FOR the purpose of requesting that the Baltimore Development Corporation (BDC), the
4 Department of Finance, and other City agencies involved in offering incentives to spur
5 private sector development report to the Council on the current and planned uses of these
6 incentives, how these incentives can be used more equitably in the future, and options to
7 improve transparency and accountability to Baltimore’s citizens in how incentives are
8 awarded.

9 **Recitals**

10 In recent years Baltimore has made use of a variety of incentives to attempt to spur private
11 sector development in our City. While these efforts have undoubtedly spurred some
12 development, they have not been without controversy and it is not clear which approaches have
13 been most successful and which may be falling short.

14 In order to properly assess the City’s incentive strategies, the Council needs a thorough
15 briefing from the relevant City agencies on what has been done to date including:

- 16 • a comprehensive and detailed account of existing incentives awarded in the City’s
17 private development portfolio;
- 18 • information about the nature of each project’s specific incentives in revenue
19 awarded/delayed/foregone; and
- 20 • the specific returns negotiated by and for the City’s fiscal benefit in return for these
21 incentives, including timetables, amounts, and conditions – in other words, the
22 schedule of projected positive fiscal impact on City revenues, if any.

23 Beyond these questions about the incentive strategies in general, the Council also requires
24 information about BDC and City efforts to address widespread concerns about the equitable
25 distribution of City supported development by shifting subsidy priorities to neighborhood-based
26 development projects for affordable housing and mixed-use development projects. This
27 information should include:

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike-out~~ indicates matter deleted by amendment.

Council Bill 17-0020R

- 1 • an overview of required affordable housing and local commercial infrastructure to
2 meet the needs of our city’s current and future population;
- 3 • available and specific subsidy capacity and geographic priorities;
- 4 • a timeline and strategy to incentivize citywide private sector and private/public
5 partnership implementation;
- 6 • citywide goals and objectives by geographic quadrants and neighborhoods; and,
- 7 • discussion of channels for private interest applications based on these criteria.

8 Finally, any discussion about current and future private development incentive strategies
9 would be incomplete without an examination of the City’s process for creating TIFs and PILOTs.
10 Specifically, there needs to be discussion about increasing transparency and accountability to
11 Baltimore’s citizens by expanding this process to either allow the City Council greater flexibility
12 in altering the size of incentives during the legislative process, or involving the City Council in
13 some formal fashion prior to the introduction of legislation.

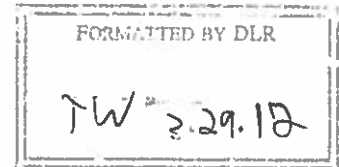
14 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
15 Council requests that the Baltimore Development Corporation (BDC), the Department of
16 Finance, and other City agencies involved in offering incentives to spur private sector
17 development report to it on the current and planned uses of these incentives, how these incentives
18 can be used more equitably in the future, and options to improve transparency and accountability
19 to Baltimore’s citizens in how incentives are awarded.

20 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Mayor, the
21 President and CEO of the Baltimore Development Corporation, the Director of Finance, and the
22 Mayor’s Legislative Liaison to the City Council.

INTRODUCTORY*

CITY OF BALTIMORE
COUNCIL BILL ___R

(Resolution) 17-0020R



Introduced by: Councilmembers Henry, Clarke, Reisinger, and Middleton

A RESOLUTION ENTITLED

A COUNCIL RESOLUTION concerning

Oversight Hearing – Private Development Incentives

Comm. of whc
BDC
Finance
HCD

FOR the purpose of requesting that the Baltimore Development Corporation (BDC), the Department of Finance, and other City agencies involved in offering incentives to spur private sector development report to the Council on the current and planned uses of these incentives, how these incentives can be used more equitably in the future, and options to improve transparency and accountability to Baltimore’s citizens in how incentives are awarded.

Recitals

In recent years Baltimore has made use of a variety of incentives to attempt to spur private sector development in our City. While these efforts have undoubtedly spurred some development, they have not been without controversy and it is not clear which approaches have been most successful and which may be falling short.

In order to properly assess the City’s incentive strategies, the Council needs a thorough briefing from the relevant City agencies on what has been done to date including:

- a comprehensive and detailed account of existing incentives awarded in the City’s private development portfolio;
- information about the nature of each project’s specific incentives in revenue awarded/delayed/foregone; and
- the specific returns negotiated by and for the City’s fiscal benefit in return for these incentives, including timetables, amounts, and conditions – in other words, the schedule of projected positive fiscal impact on City revenues, if any.

Beyond these questions about the incentive strategies in general, the Council also requires information about BDC and City efforts to address widespread concerns about the equitable distribution of City supported development by shifting subsidy priorities to neighborhood-based development projects for affordable housing and mixed-use development projects. This information should include:

* WARNING: THIS IS AN UNOFFICIAL, INTRODUCTORY COPY OF THE BILL.
THE OFFICIAL COPY CONSIDERED BY THE CITY COUNCIL IS THE FIRST READER COPY.

- an overview of required affordable housing and local commercial infrastructure to meet the needs of our city's current and future population;
- available and specific subsidy capacity and geographic priorities;
- a timeline and strategy to incentivize citywide private sector and private/public partnership implementation;
- citywide goals and objectives by geographic quadrants and neighborhoods; and,
- discussion of channels for private interest applications based on these criteria.

Finally, any discussion about current and future private development incentive strategies would be incomplete without an examination of the City's process for creating TIFs and PILOTs. Specifically, there needs to be discussion about increasing transparency and accountability to Baltimore's citizens by expanding this process to either allow the City Council greater flexibility in altering the size of incentives during the legislative process, or involving the City Council in some formal fashion prior to the introduction of legislation.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE, That the Council requests that the Baltimore Development Corporation (BDC), the Department of Finance, and other City agencies involved in offering incentives to spur private sector development report to it on the current and planned uses of these incentives, how these incentives can be used more equitably in the future, and options to improve transparency and accountability to Baltimore's citizens in how incentives are awarded.

AND BE IT FURTHER RESOLVED, That a copy of this Resolution be sent to the Mayor, the President and CEO of the Baltimore Development Corporation, the Director of Finance, and the Mayor's Legislative Liaison to the City Council.