Introduced by: Councilmembers Henry, Clarke, Reisinger, and Middleton, Dorsey, Burnett, Sheed, Burnett, Bullock, Co

Prepared by: Department of Legislative Reference **Date:** March 29, 2017

Referred to: COMMITTEE OF THE WHOLE Committee

Also referred for recommendation and report to municipal agencies listed on reverse.

CITY COUNCIL 17-0020R

A RESOLUTION ENTITLED

A COUNCIL RESOLUTION concerning

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.

****The introduction of an Ordinance or Resolution by Councilmembers at the request of any person, firm or organization is a courtesy extended by the Councilmembers and not an indication of their position.**

1050-14-1 REV.10/93

Agencies

_____ Baltimore City Public School System

✓ Baltimore Development Corporation

_____ City Solicitor

_____ Comptroller's Office

_____ Department of Audits

✓ Department of Finance

_____ Department of General Services

✓ Department of Housing and Community Development

_____ Department of Human Resources

_____ Department of Planning

_____ Other:_____

_____ Other:_____

_____ Other:_____

_____ Department of Public Works

_____ Department of Real Estate

_____ Department of Recreation and Parks

_____ Department of Transportation

_____ Fire Department

_____ Health Department

_____ Mayor's Office of Employment Development

_____ Mayor's Office of Human Services

_____ Mayor's Office of Information Technology

_____ Office of the Mayor

_____ Police Department

_____ Other:_____

_____ Other:_____

Boards and Commissions

_____ Board of Estimates

_____ Board of Ethics

_____ Board of Municipal and Zoning Appeals

_____ Comm. for Historical and Architectural Preservation

_____ Commission on Sustainability

_____ Employees' Retirement System

_____ Other:_____

_____ Other:_____

_____ Other:_____

_____ Environmental Control Board

_____ Fire & Police Employees' Retirement System

_____ Labor Commissioner

_____ Parking Authority Board

_____ Planning Commission

_____ Wage Commission

_____ Other:_____

_____ Other:_____

_____ Other:_____

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

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:

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

- 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.

BALTIMORE CITY COUNCIL
COMMITTEE OF THE WHOLE
VOTING RECORD

DATE: November 9, 2017

BILL NUMBER: 17-0020R

BILL TITLE: Oversight Hearing – Private Development Incentives

MOTION BY: President Young **SECONDED BY:** Scott

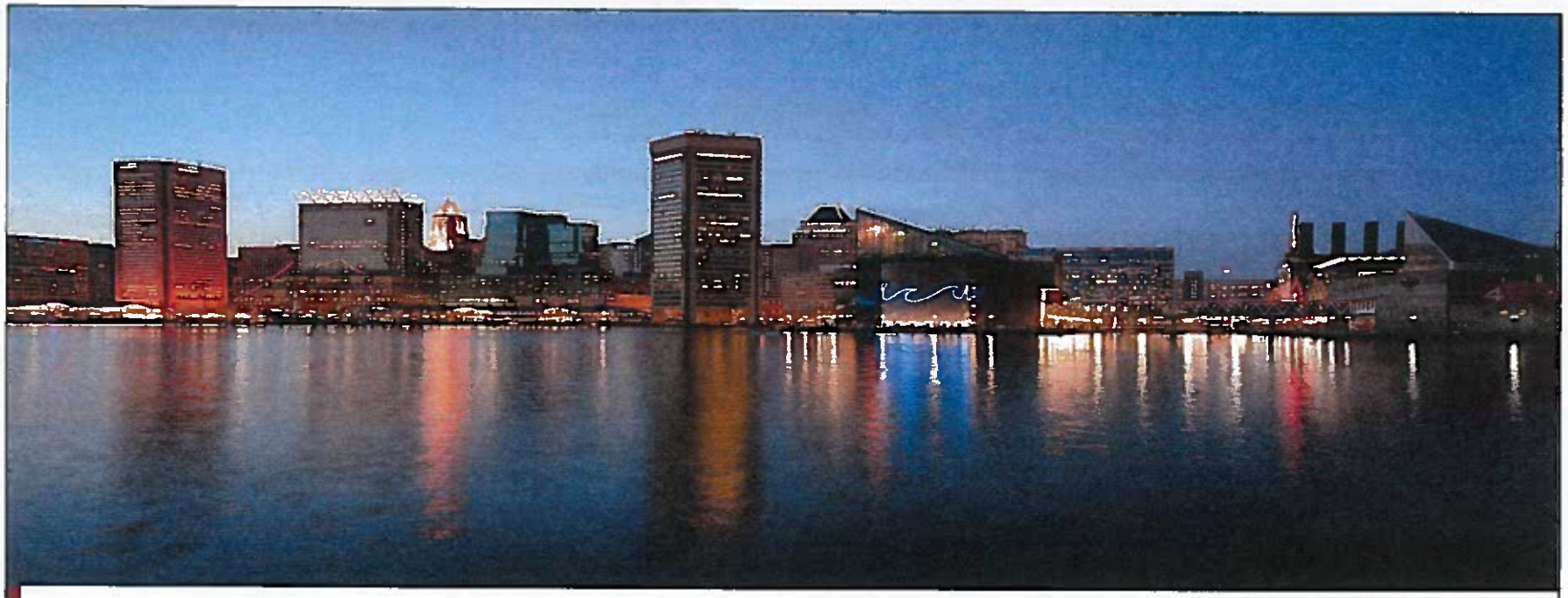
☑ **FAVORABLE** ☐ **FAVORABLE WITH AMENDMENTS**

☐ **UNFAVORABLE** ☐ **WITHOUT RECOMMENDATION**

NAME	YEAS	NAYS	ABSENT	ABSTAIN
Middleton, Sharon - Chairwoman	✓			
President Bernard C. Young	✓			
Cohen, Zeke	✓			
Scott, Brandon	✓			
Dorsey, Ryan	✓			
Henry, Bill	✓			
Schleiffer, Isaac "Yitzy"			✓	
Pinkett, Leon	✓			
Burnett, Kristerfer	✓			
Bullock, John	✓			
Reisinger, Edward			✓	
Costello, Eric	✓			
Stokes, Robert	✓		✓	
Sneed, Shannon	✓			
Clarke, Mary Pat	✓			
TOTALS	12		3	

CHAIRPERSON: Shan Middleton

COMMITTEE STAFF: Jennifer L. Coates **Initials:** JLC



City of Baltimore
Tax Increment Financing Program

Department of Finance
November 2017

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

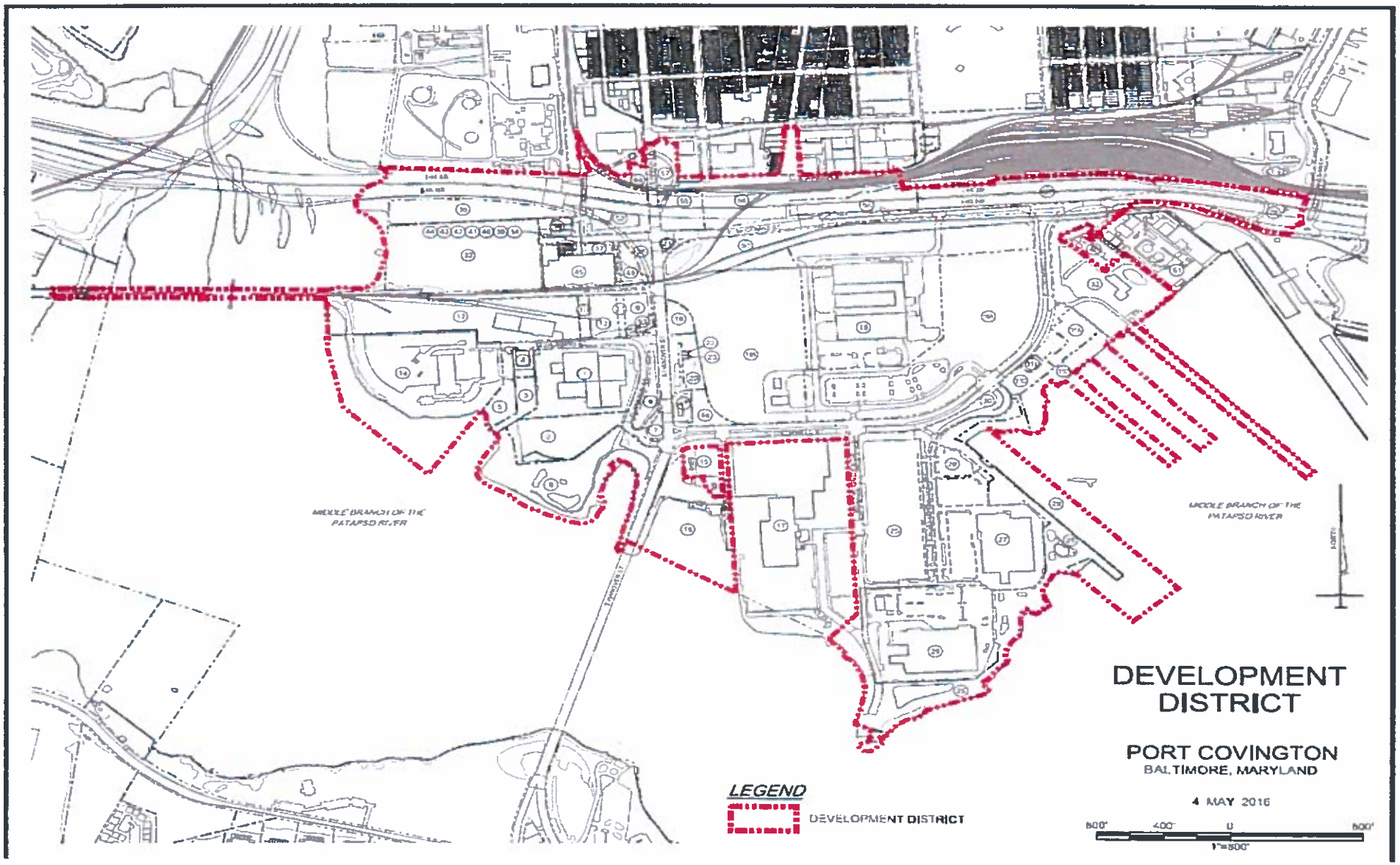
- Currently there are 15 TIF districts within the City limits. Not all have debt associated with them.
  - West Baltimore is pledged to a HUD 108 Loan;
  - Charles Village and Westport did not move forward;
  - Convention Center Hotel was for operating support;
  - UM Bio Park and Port Covington are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

Current TIF Debt

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

Project	Debt 6/17	To Be Issued
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
	$ 199,875,908	**$ 773,500,667**

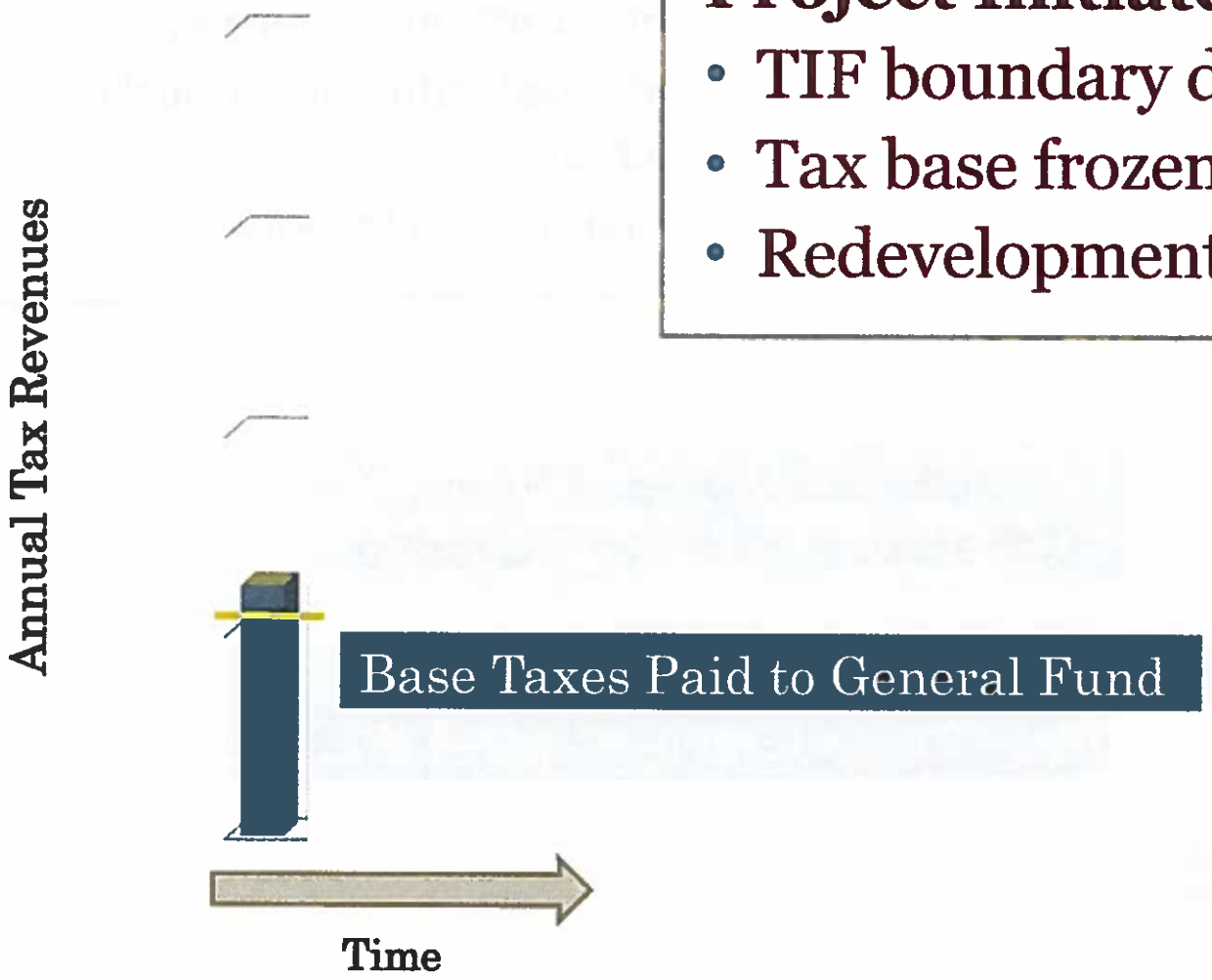
How Do TIFs Work



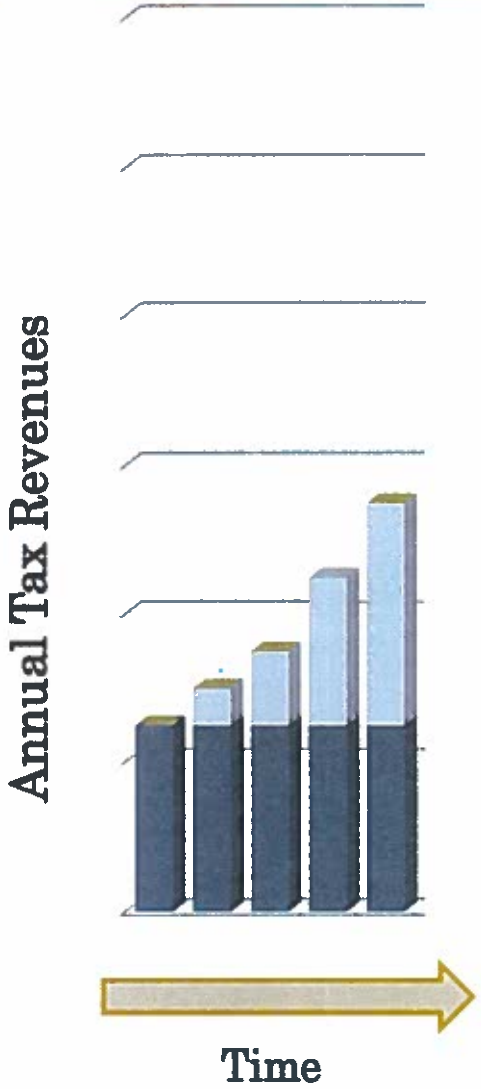
Flow of Funds

Project Initiated

- TIF boundary defined
- Tax base frozen
- Redevelopment starts



Flow of Funds



Short-Term

- Construction underway
- Assessed value of property increases
- Issuance of TIF bonds

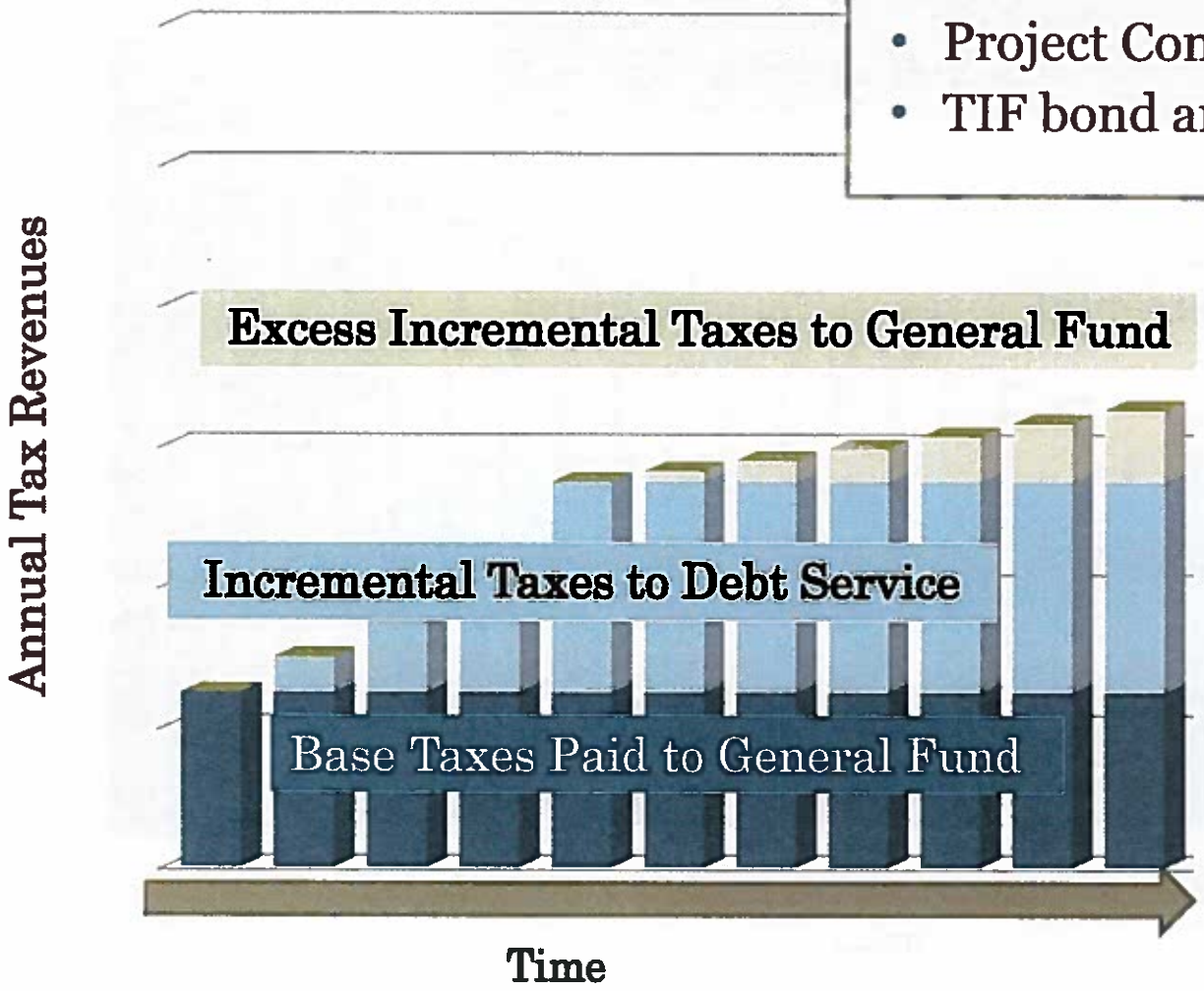
Increases Assessed Value Generating New Tax Revenue

Base Taxes Paid to General Fund

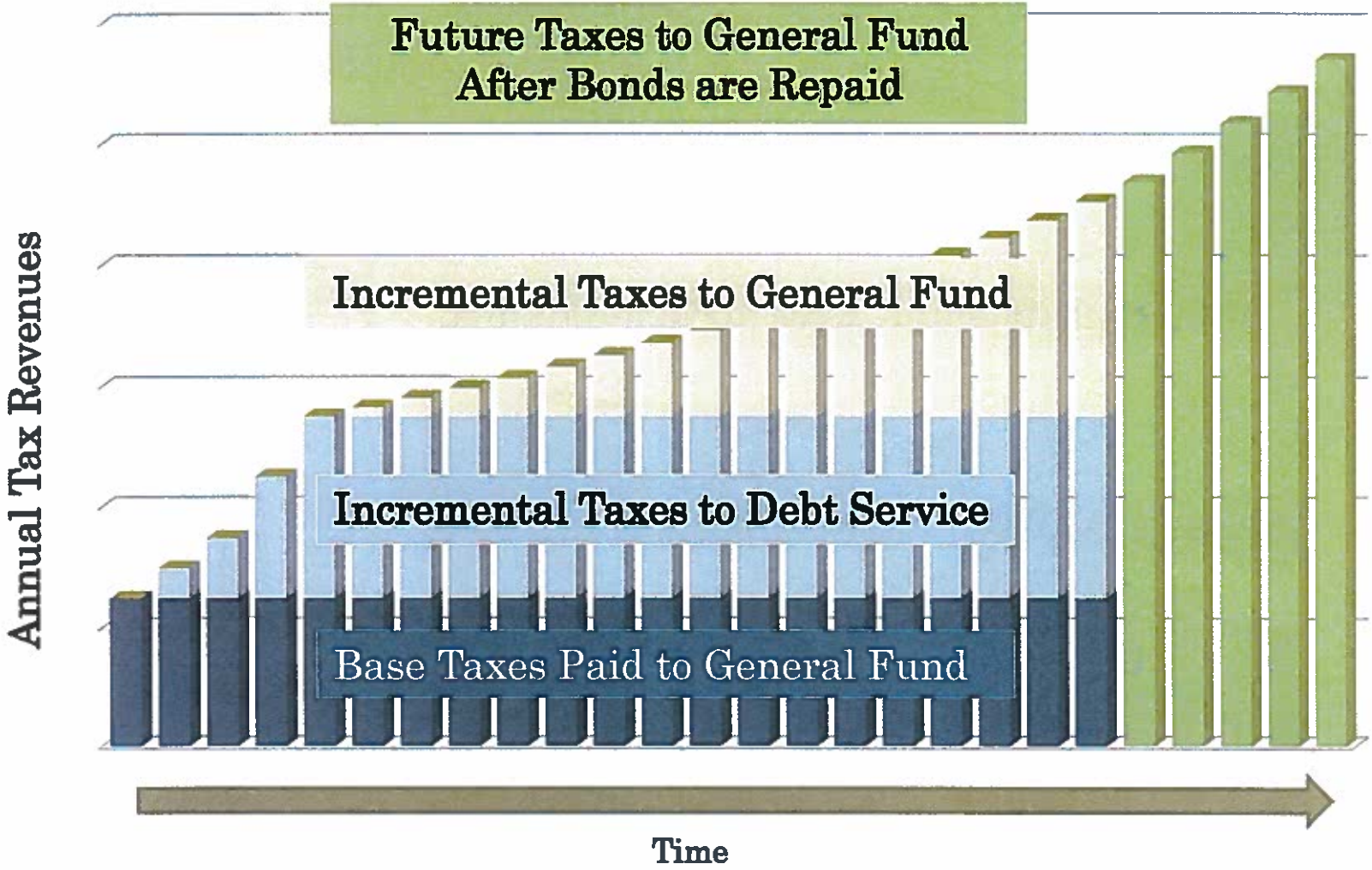
Flow of Funds

Mid-Term

- Project Completed
- TIF bond amortization begins



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 it's legal/financial team conduct a thorough due diligence that includes the following items:
  - market study and appraisals of the project;
  - developer financial capacity/experience;
  - 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

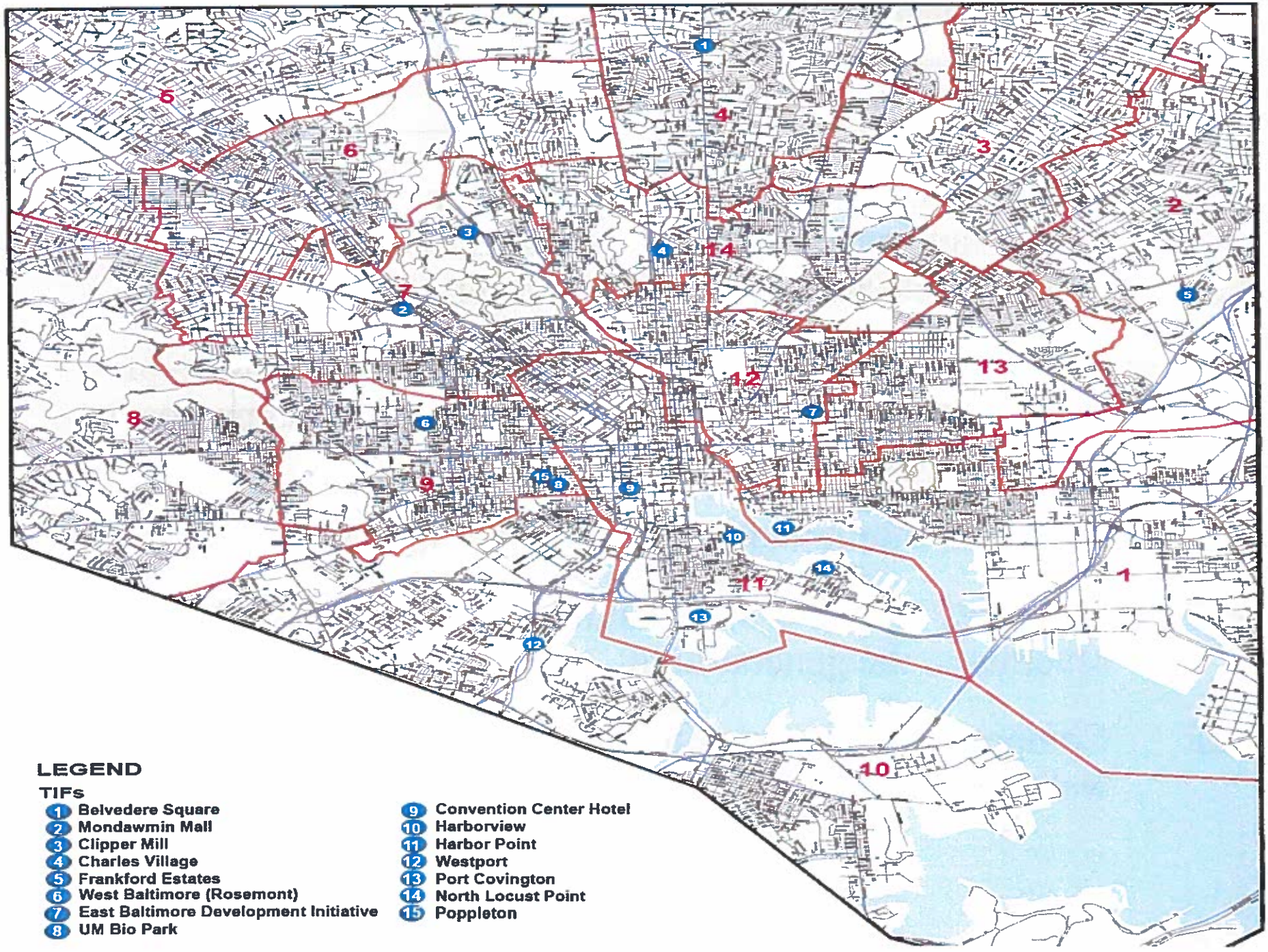
- A special tax will may be levied on private property in the development district equal to the debt service on the bonds. This special tax will provide a backup source of revenues to the tax increment to ensure there are sufficient funds to repay the bonds.

- 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



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

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.

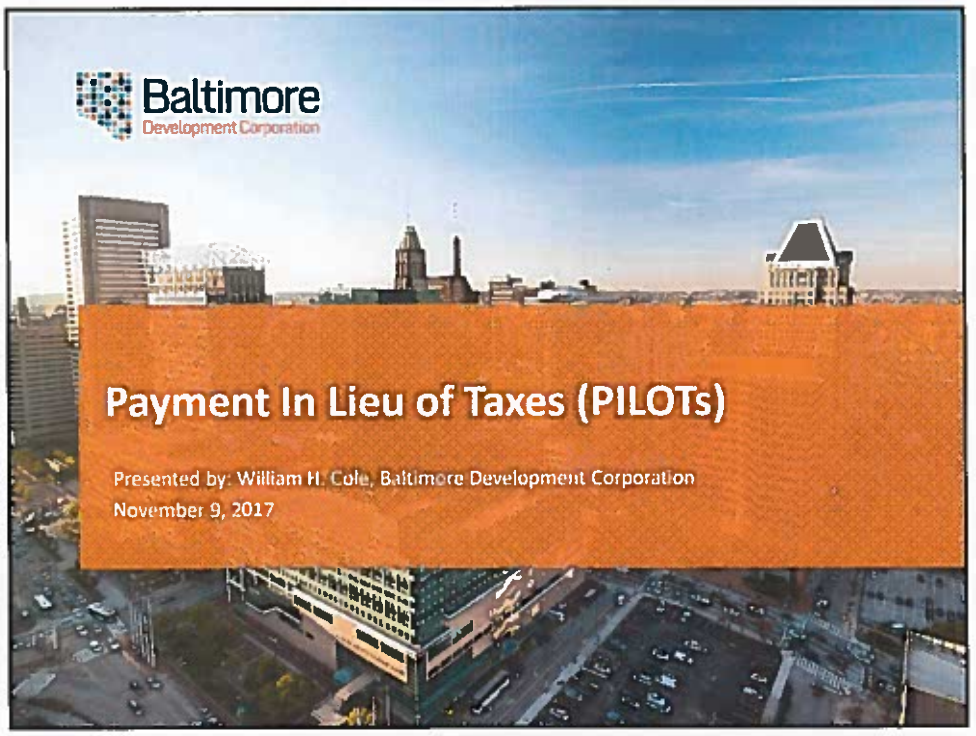
XI. Positive Tax Revenues: A summary fiscal impact analysis shall be provided that demonstrates the project will create positive tax revenues to the City, taking into consideration the costs of public services to be provided to the new development, and the tax increment revenues that will be required 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.



Baltimore Development Corporation

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

Tax Property Article 7-504.3

Economic Development PILOTs

Baltimore Development Corporation

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

Baltimore Development Corporation

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.

4

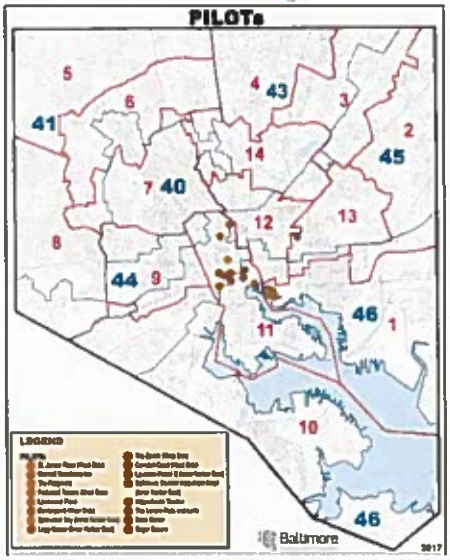
Baltimore
Development Corporation

BDC PILOT Facts

Baltimore
Development Corporation

BDC PILOTs

- 16 Authorized PILOTs
  - 14 Active
- $652M in Assessed Value
- $14.6M Full Tax Value
- $2.1M Taxes Paid (2017)
- $12.5M Taxes Abated (2017)
- PILOTs include Profit Sharing in event of Sale
- Additional tax generation: Hotel; Resident Income; Parking; Personal Property; Utility; Admissions & Amusement



BDC PILOTs

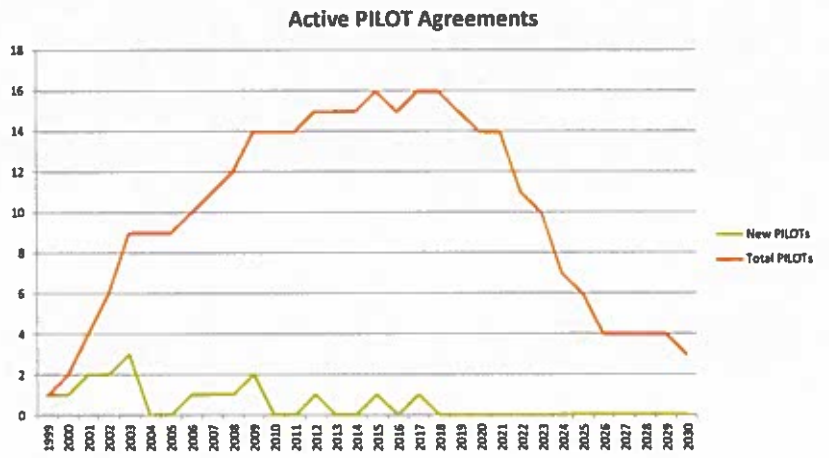
Baltimore Development Corporation

Project	Address	Year	Completion Yr	Expiration
Redwood Towers	11 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) 301 W Franklin St	2006	2007	2022
Laureate Office & Garage	650 S Exeter 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 Lenore 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

Baltimore Development Corporation



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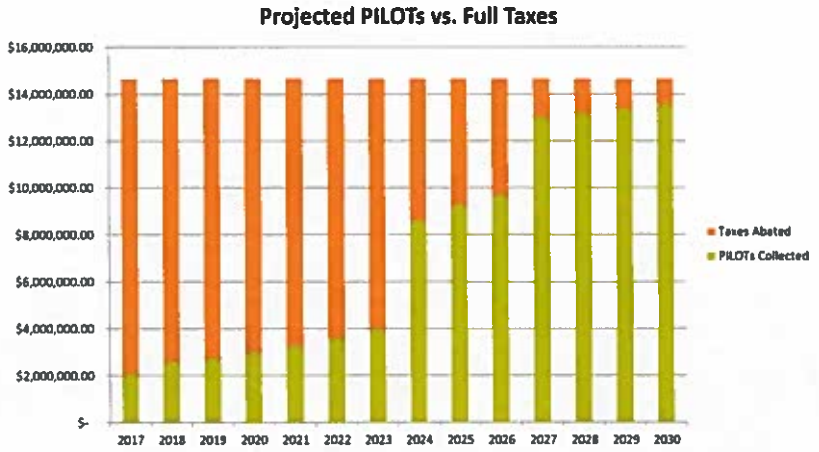
PILOT Annual Revenue Generation

Baltimore Development Corporation



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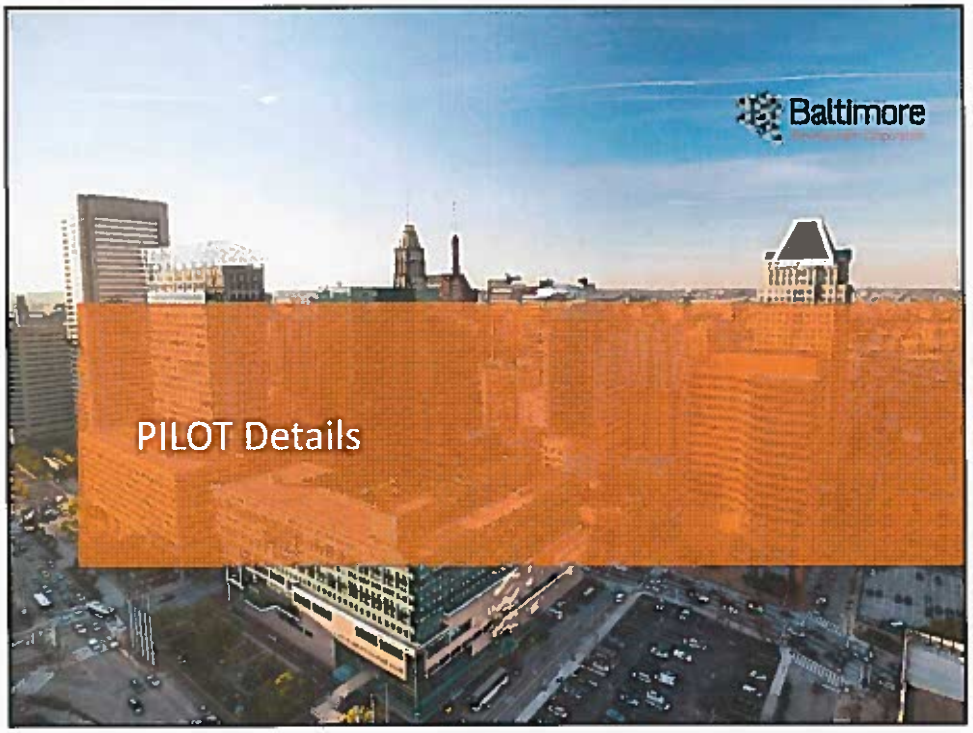
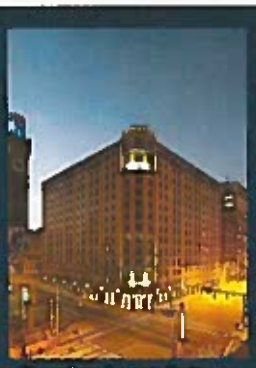
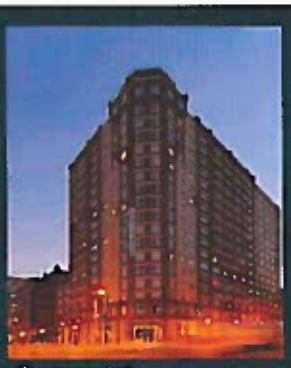


West Side (Downtown) PILOTs

Baltimore Development Corporation



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

Baltimore Development Corporation

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

Baltimore Development Corporation

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 Development Corporation

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

Baltimore Development Corporation

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

Baltimore Development Corporation

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

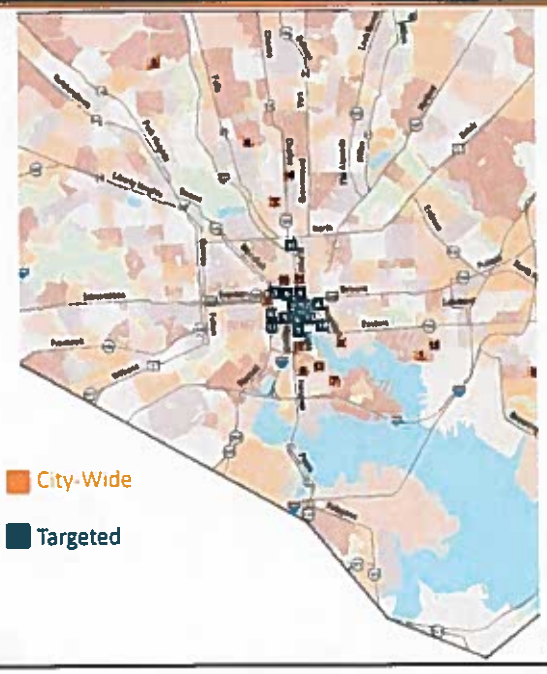
Baltimore Development Corporation

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 REMINGTON AVE
4. 711 S CENTRAL AVE
5. 2211 W ROGERS AVE
6. 1238 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



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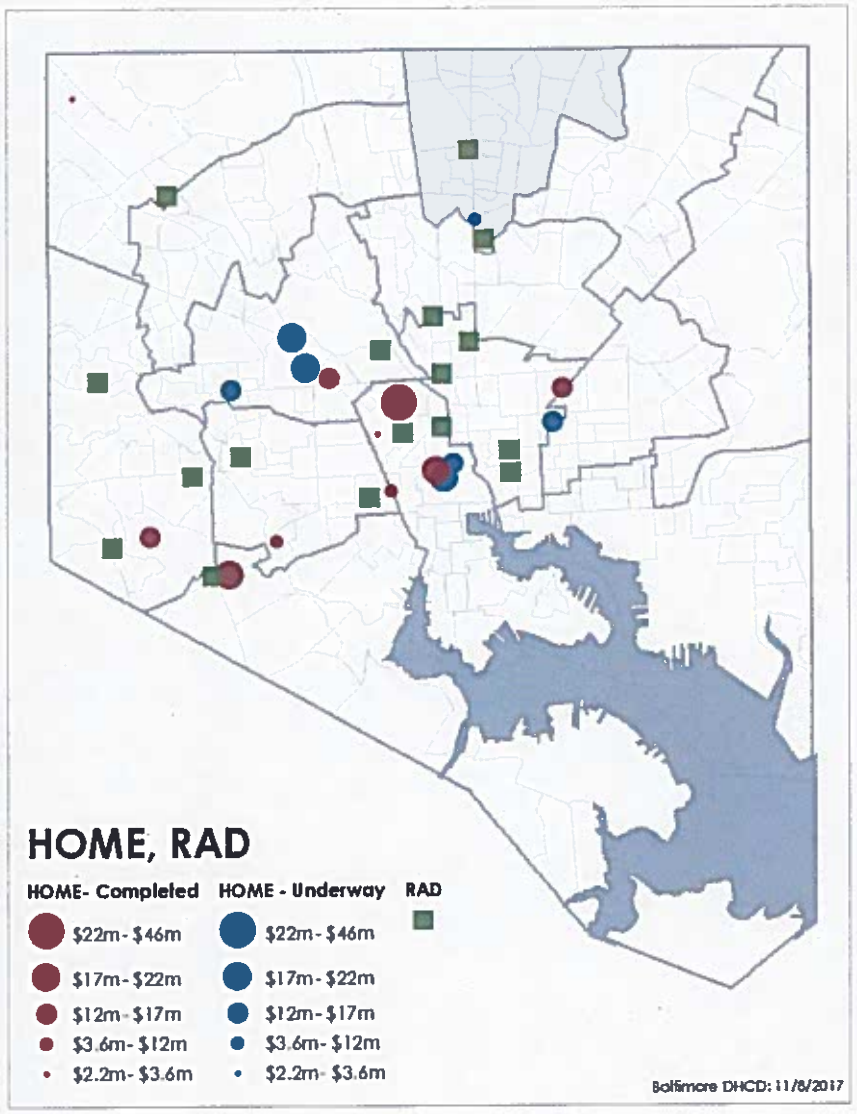
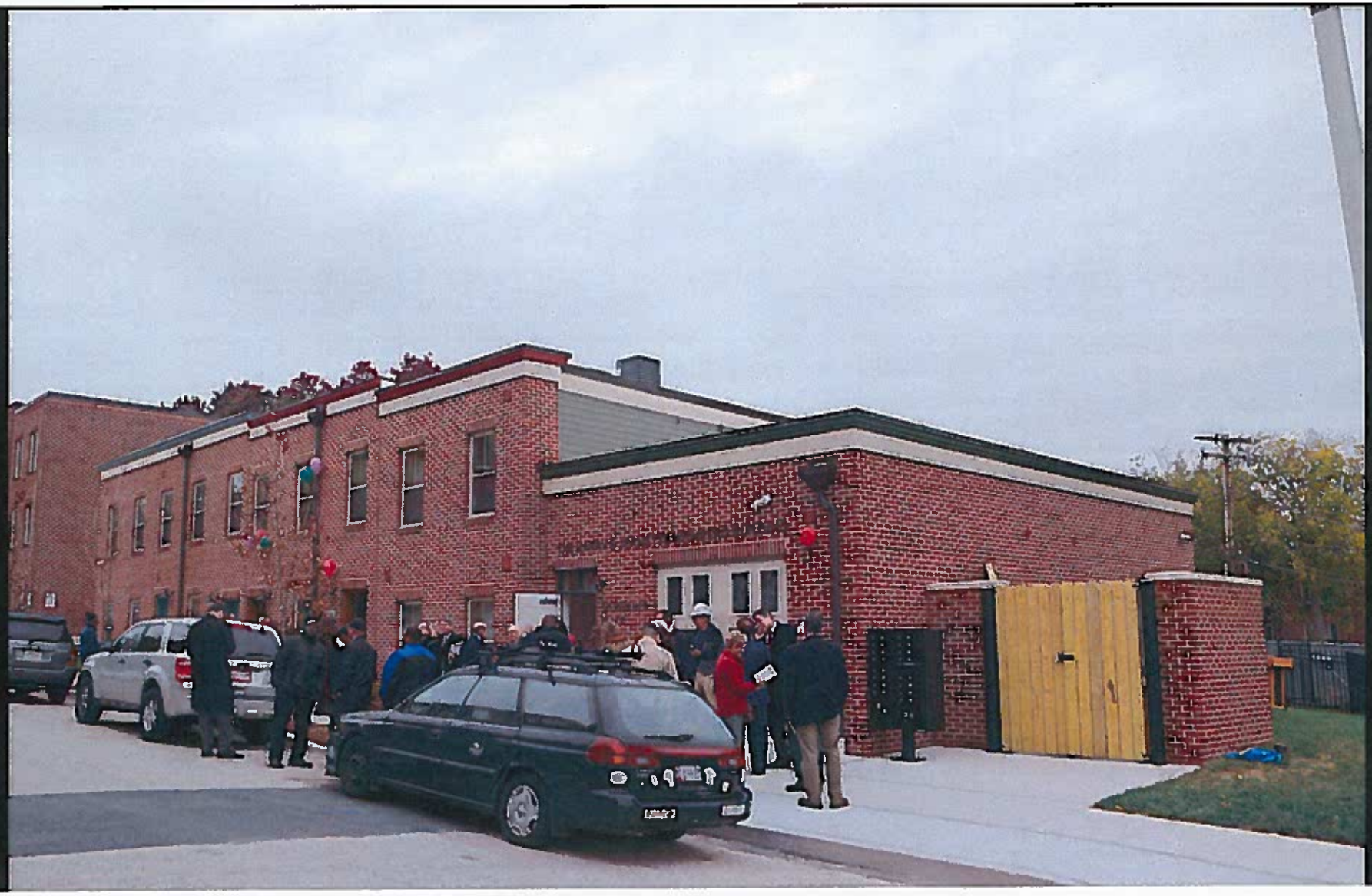
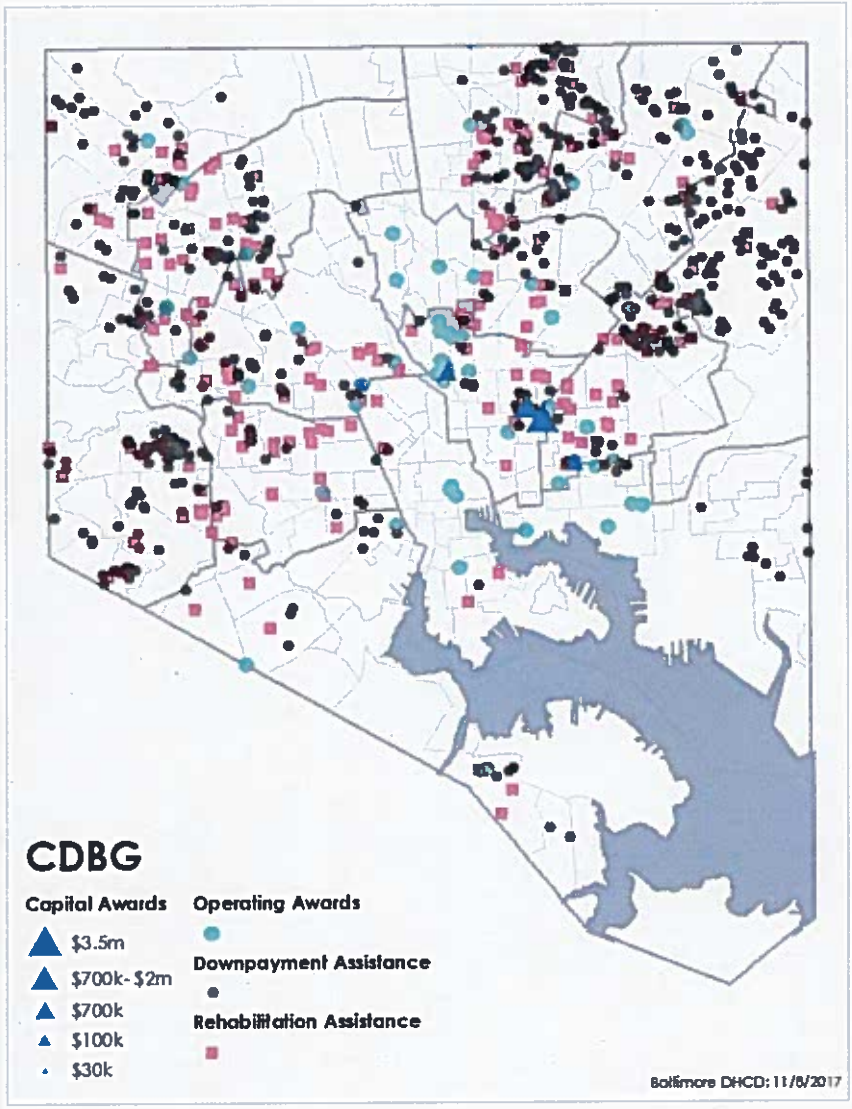
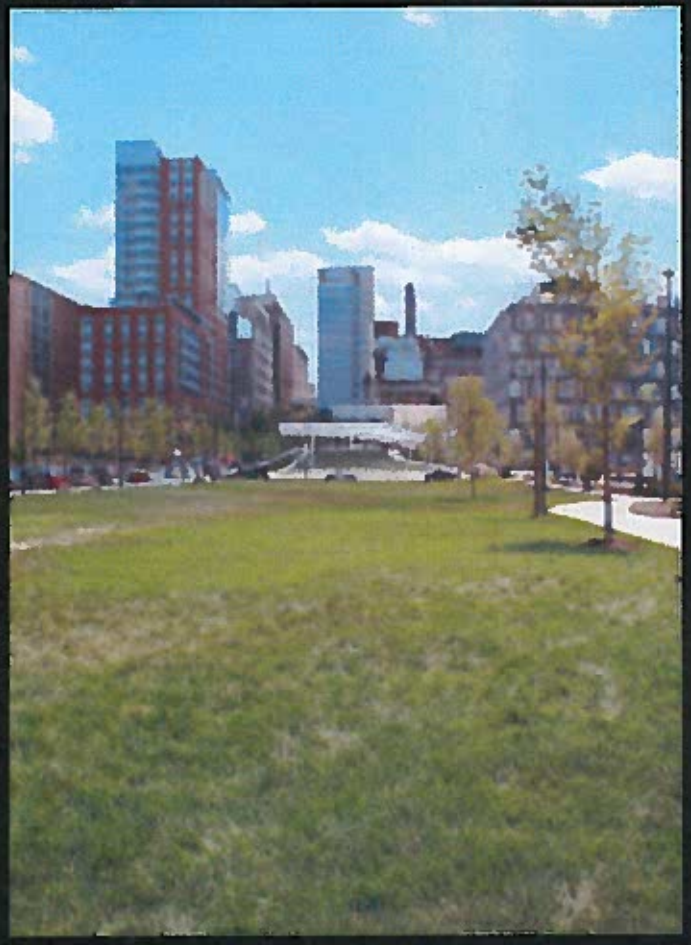
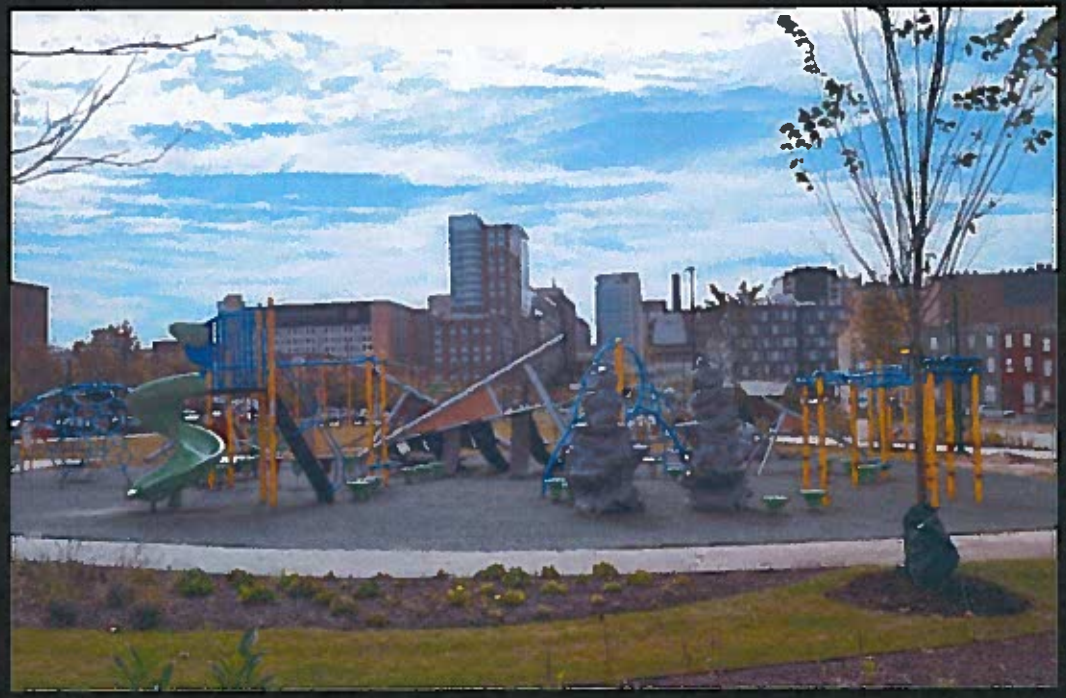


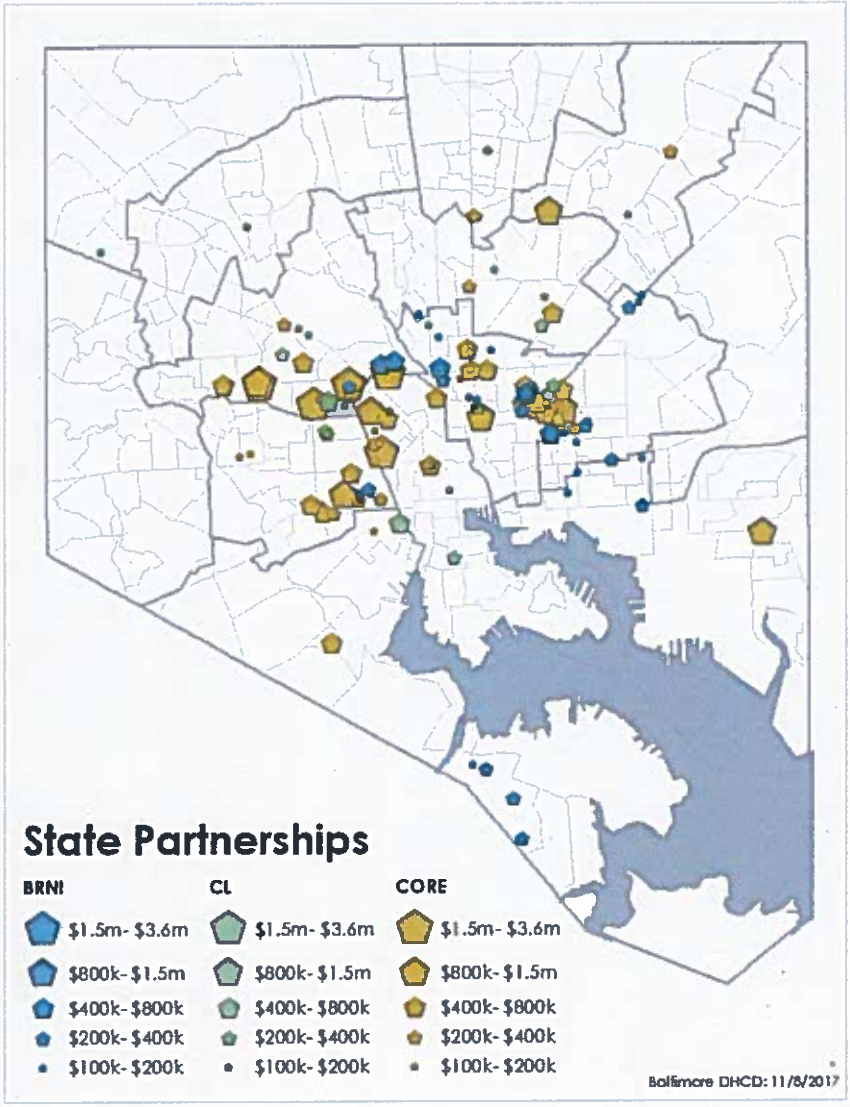
Slide Presentation



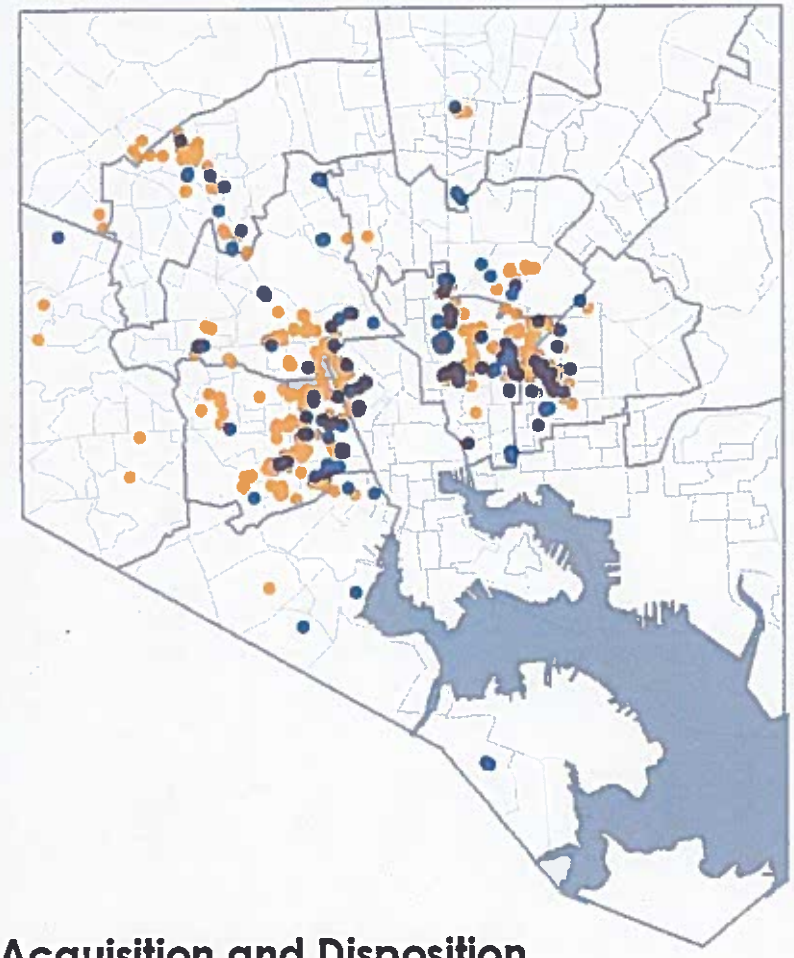

CDBG
Capital Awards
$3.5m
$700k- $2m
$700k
$100k
$30k
Operating Awards
Downpayment Assistance
Rehabilitation Assistance
Baltimore DHCD: 11/6/2017






State Partnerships
BRNI
$1.5m- $3.6m
$800k- $1.5m
$400k- $800k
$200k- $400k
$100k- $200k
CL
$1.5m- $3.6m
$800k- $1.5m
$400k- $800k
$200k- $400k
$100k- $200k
CORE
$1.5m- $3.6m
$800k- $1.5m
$400k- $800k
$200k- $400k
$100k- $200k
Baltimore DHCD: 11/6/2017

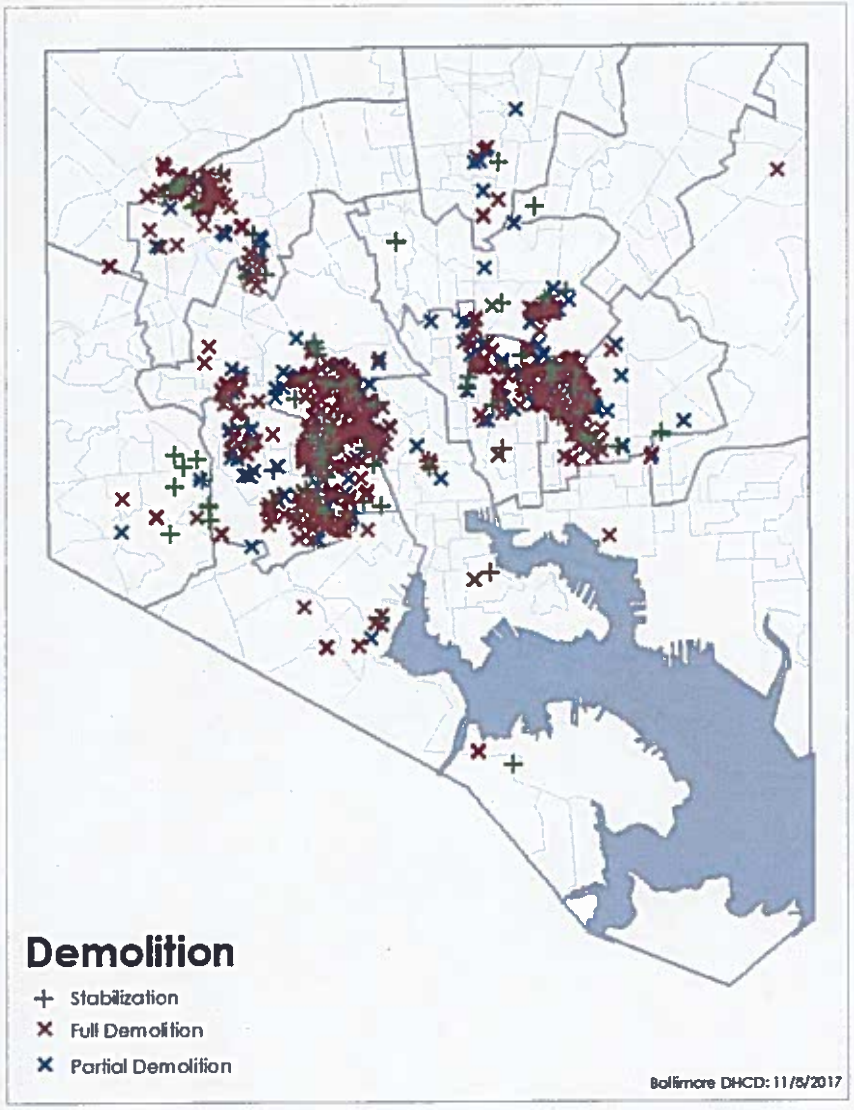

ADAMS
PC
360
LC

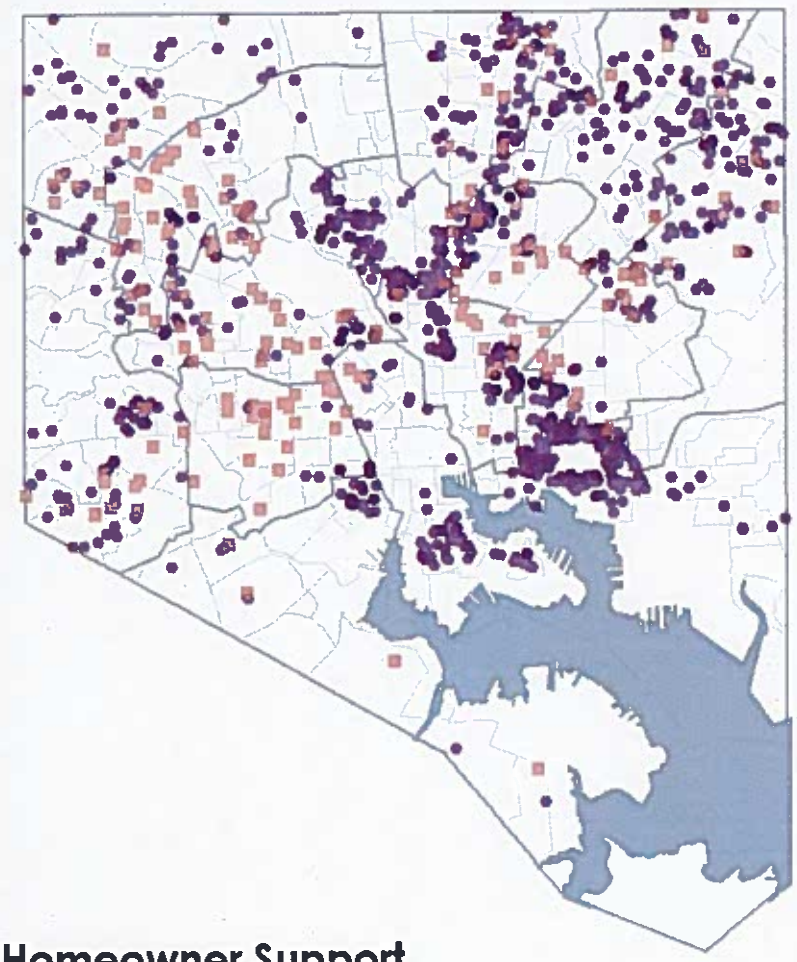


Acquisition and Disposition

- Sold
- Acquired

Baltimore DHCD: 11/8/2017


Demolition
Stabilization
Full Demolition
Partial Demolition
Baltimore DHCD: 11/5/2017

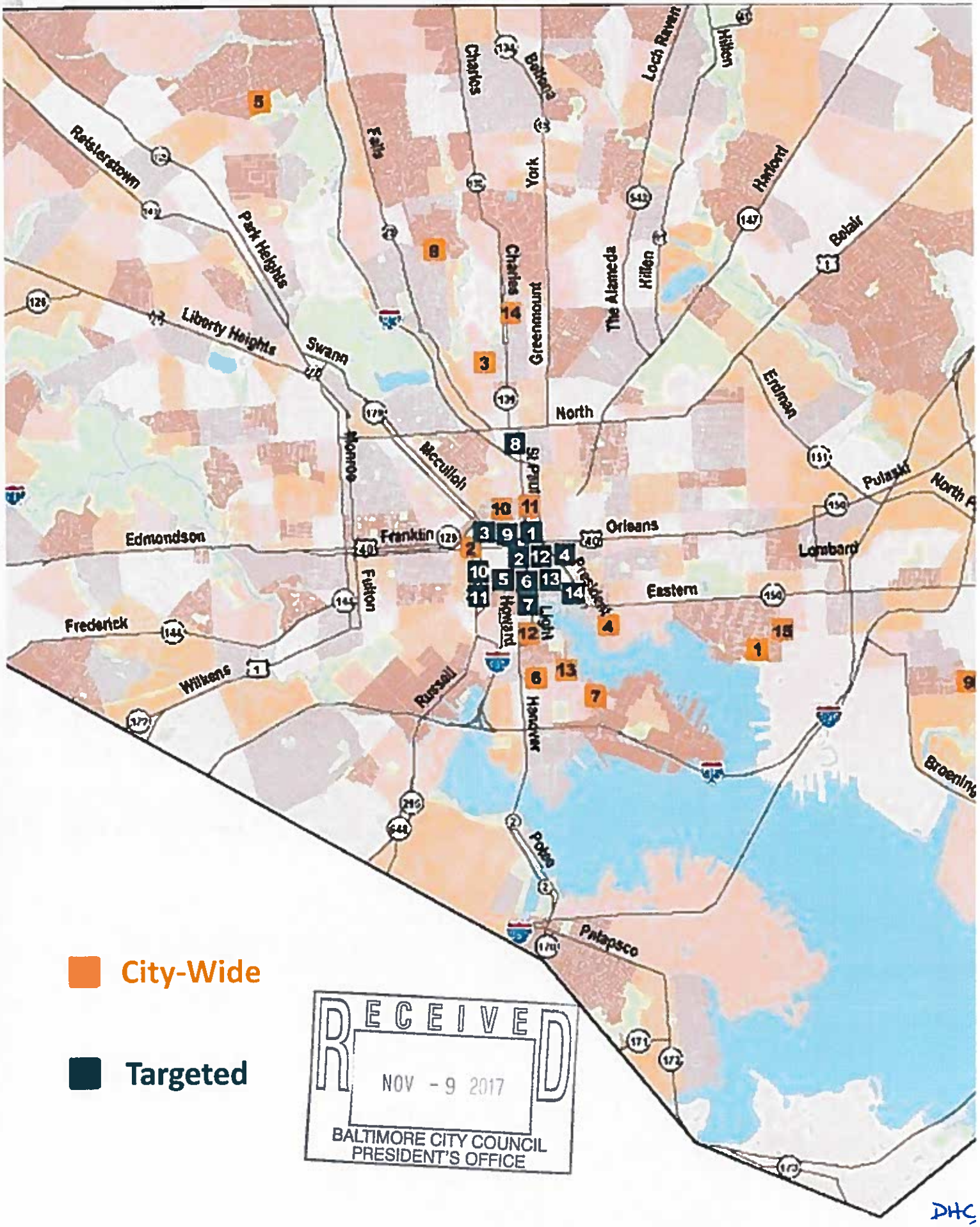


Homeowner Support

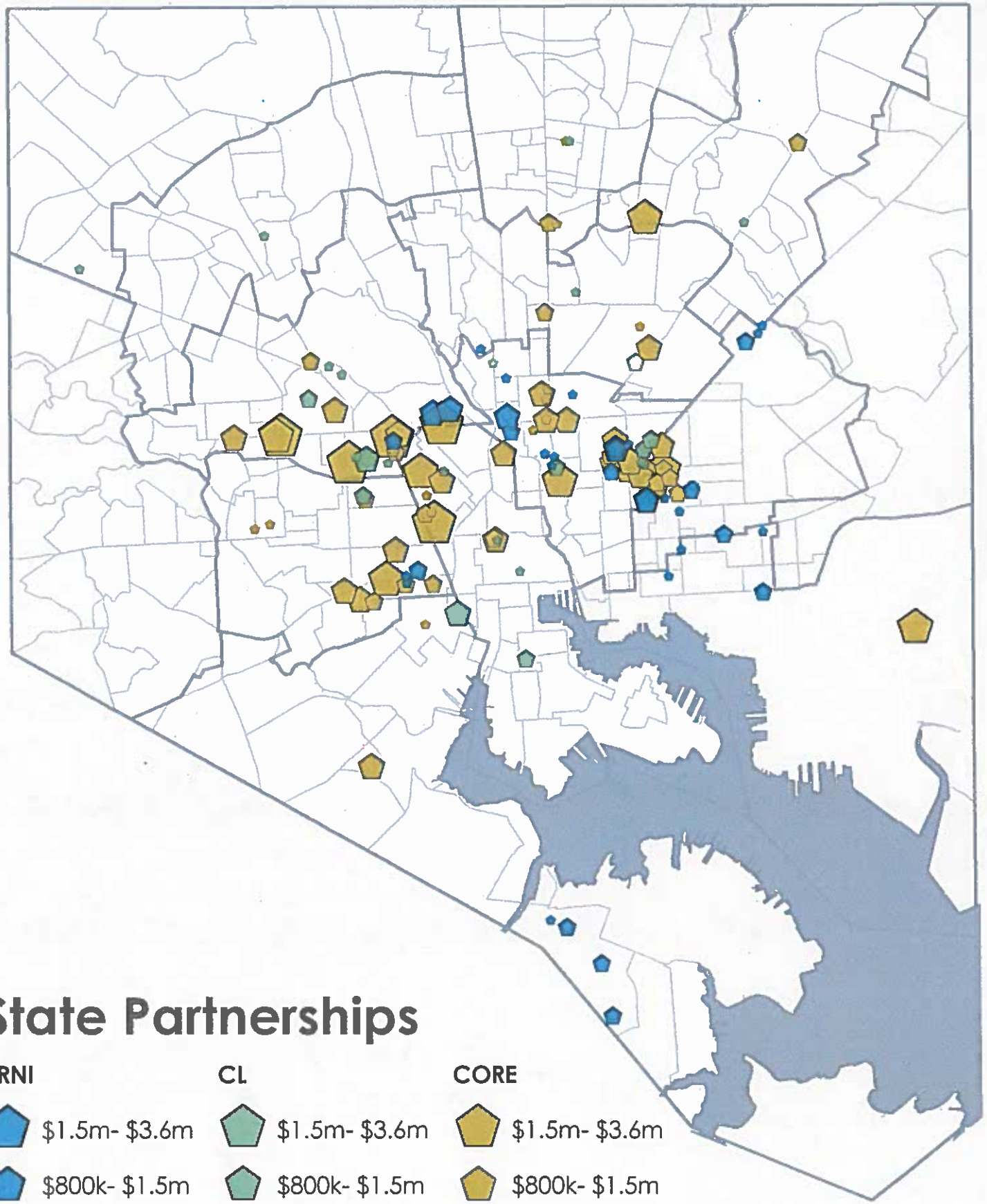
- Rehabilitation
- Incentive

Baltimore DHCD: 11/8/2017

Projects Which Applied for HPMRTC



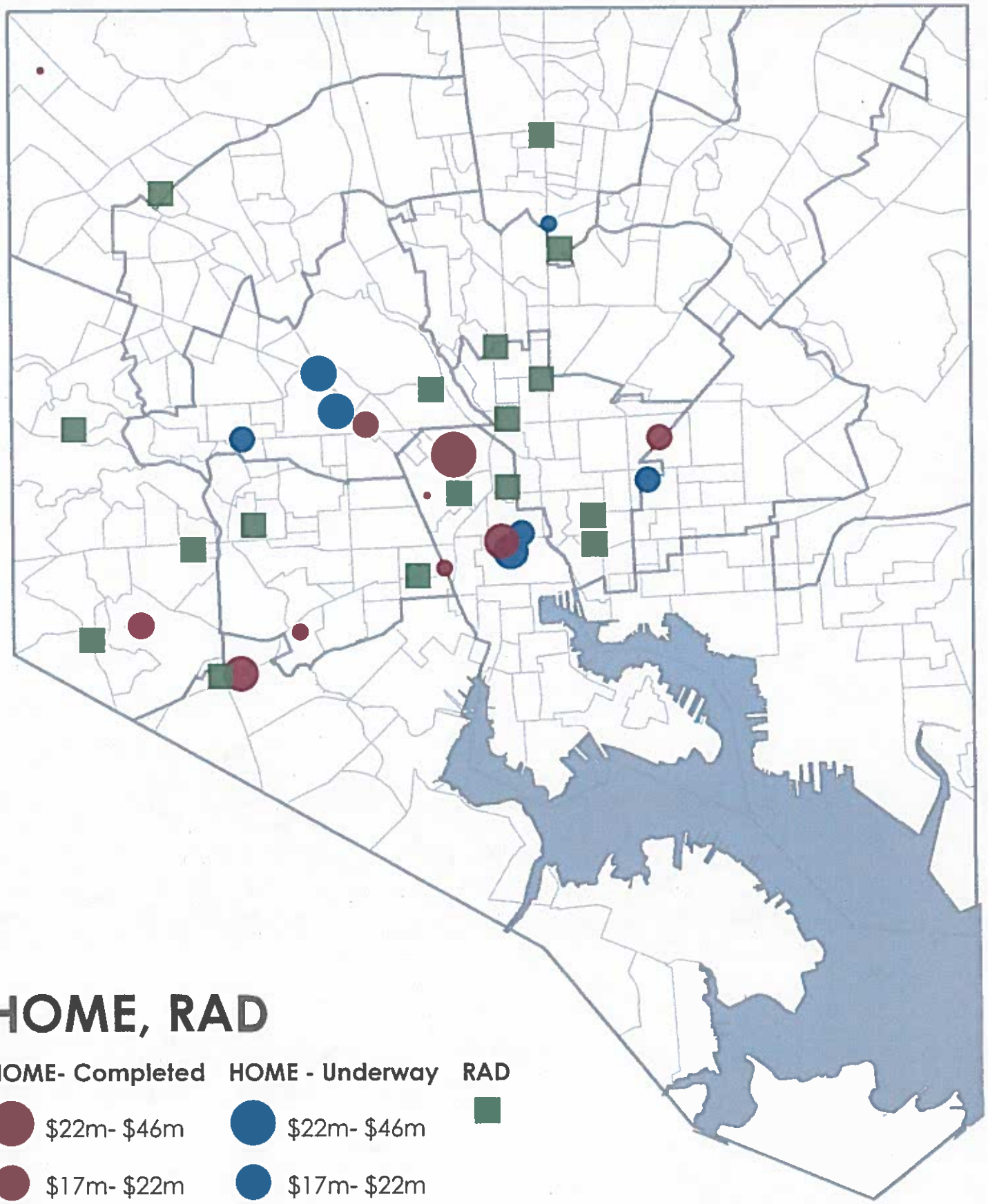
DHC



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

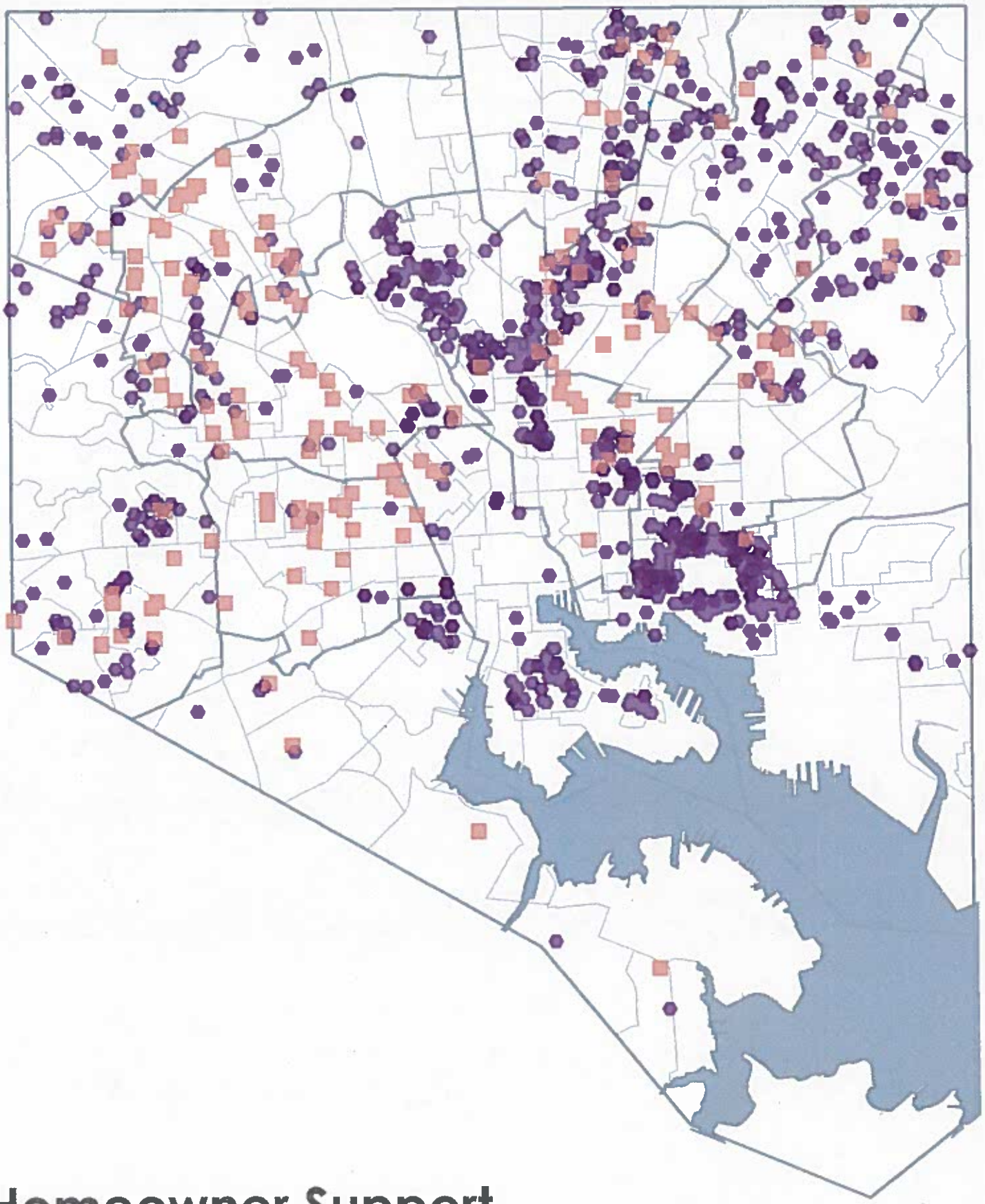
Baltimore DHCD: 11/8/2017



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	

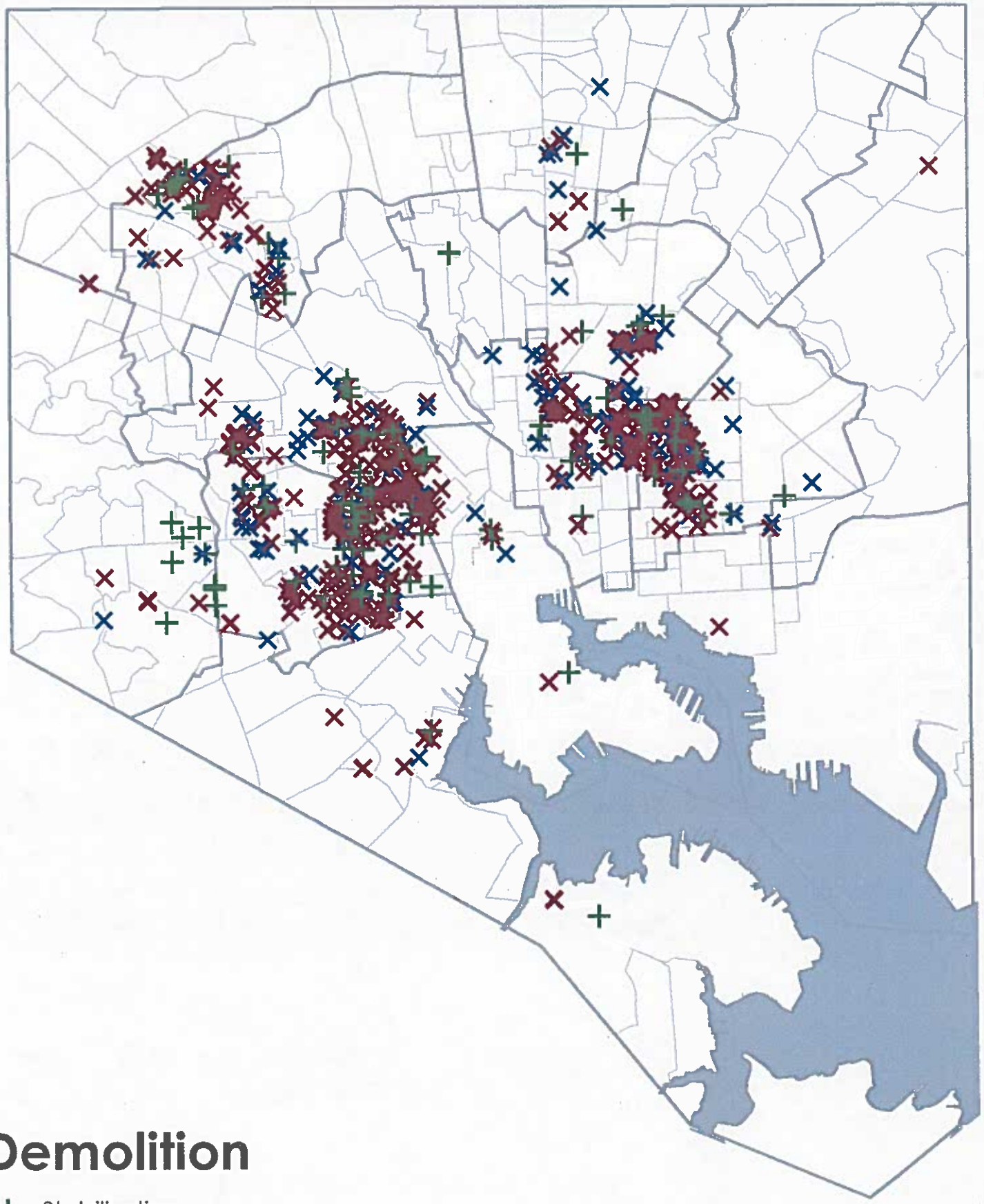
Baltimore DHCD: 11/8/2017



Homeowner Support

- Rehabilitation
- Incentive

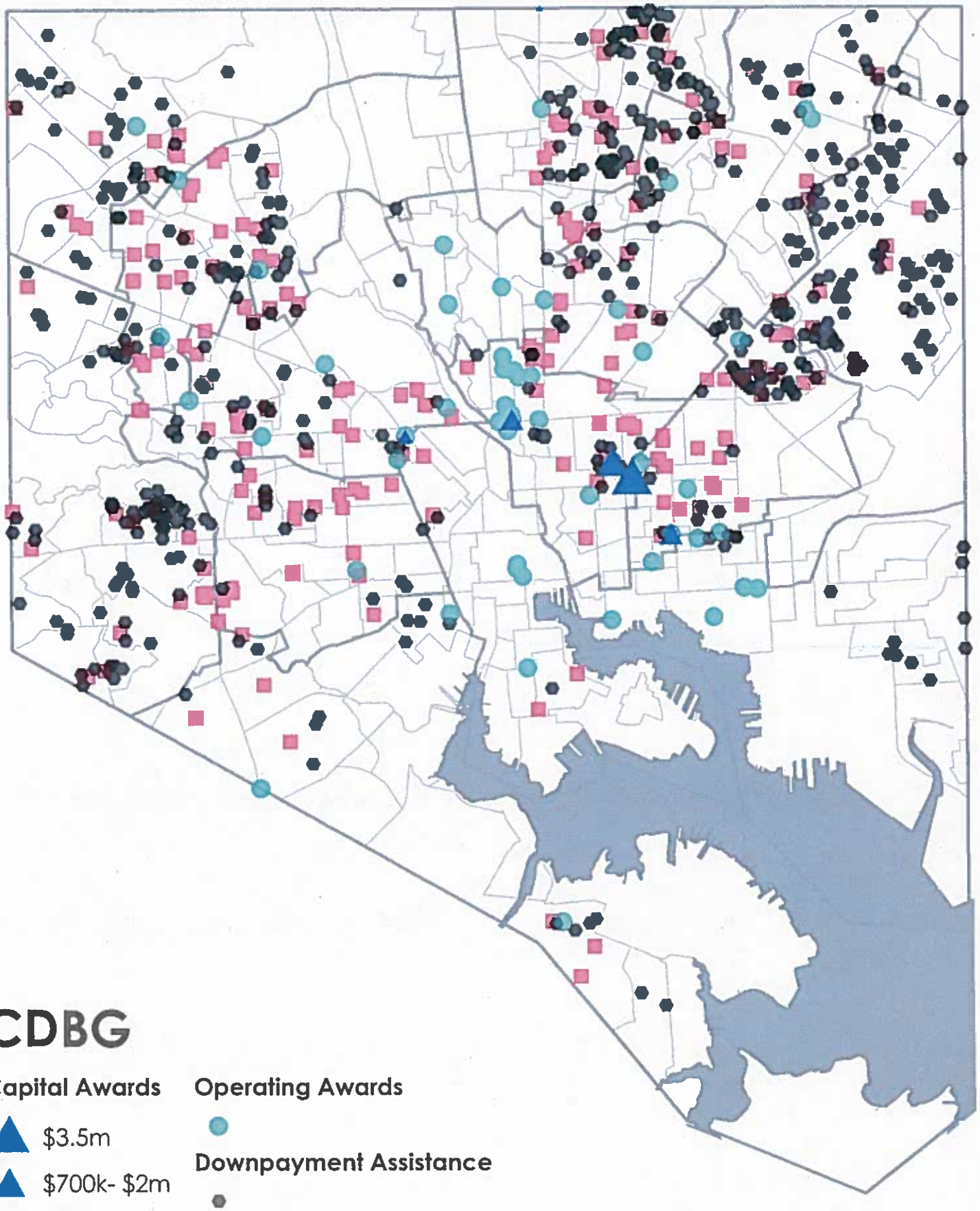
Baltimore DHCD: 11/8/2017



Demolition

- Stabilization
- Full Demolition
- Partial Demolition

Baltimore DHCD: 11/8/2017



CDBG

Capital Awards

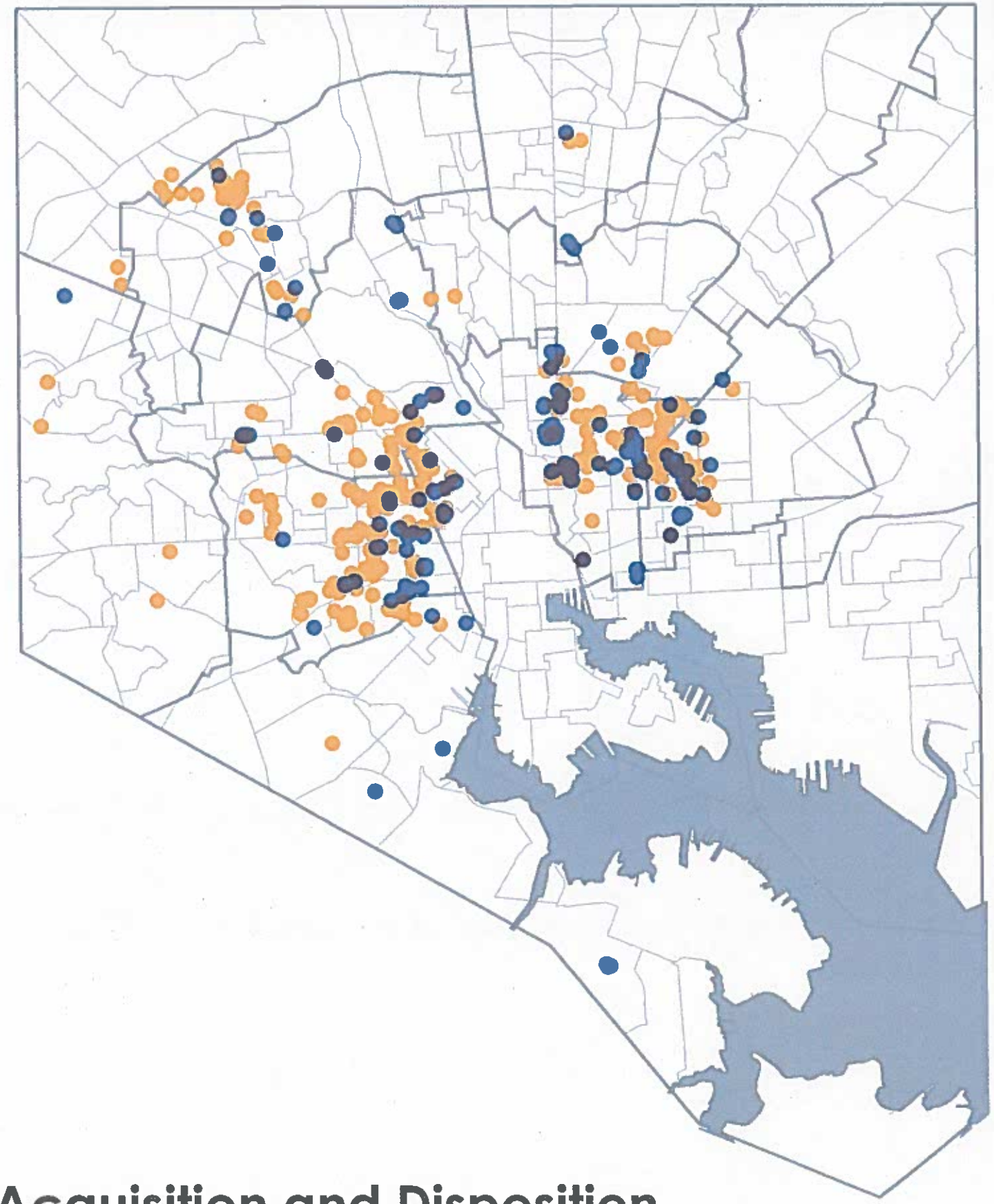
- $3.5m
- $700k- $2m
- $700k
- $100k
- $30k

Operating Awards

Downpayment Assistance

Rehabilitation Assistance

Baltimore DHCD: 11/8/2017



Acquisition and Disposition

- Sold
- Acquired

Baltimore DHCD: 11/8/2017

NESRI NATIONAL ECONOMIC & SOCIAL RIGHTS INITIATIVE
Human Needs | Human Rights

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.[i]

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

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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

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

League of Women Voters of Baltimore City

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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 JA

City of Baltimore

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

Meeting Minutes - Final

Committee of the Whole

Thursday, November 9, 2017 | **10:00 AM** | **Du Burns Council Chamber, 4th floor, City Hall**

17-0020R
CHARM TV 25

CALL TO ORDER

INTRODUCTIONS

ATTENDANCE

Present 13 - Bill Henry, Brandon M. Scott, Eric T. Costello, John T. Bullock, Kristerfer Burnett, Leon F. Pinkett III, Mary Pat Clarke, President Young, Robert Stokes Sr., Ryan Dorsey, Shannon Sneed, Sharon Green Middleton, and Zeke Cohen

Absent 2 - Edward Reisinger, and Isaac "Yitzy" Schleifer

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

A motion was made by President Young, seconded by Member Scott, that this City Council Resolution be recommended favorably. The motion carried by the following vote:

Yes: 12 - Henry, Scott, Costello, Bullock, Burnett, Pinkett III, Clarke, President Young, Dorsey, Sneed, Middleton, and Cohen

Absent: 3 - Reisinger, "Yitzy" Schleifer, and Stokes Sr.

ADJOURNMENT

CITY OF BALTIMORE
CATHERINE E. PUGH, Mayor

OFFICE OF COUNCIL SERVICES
LARRY E. GREENE, Director
415 City Hall, 100 N. Holliday Street
Baltimore, Maryland 21202
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HEARING NOTES

Bill: 17-0020R

Oversight Hearing - Private Development Incentives

Committee: Committee of the Whole
Chaired By: Councilmember Sharon Green Middleton

Hearing Date: November 9, 2017
Time (Beginning): 10:00 AM
Time (Ending): 1:00 PM
Location: Clarence "Du" Burns Chamber
Total Attendance: ~75
Committee Members in Attendance:
Sharon Green Middleton, Chair
President Young
Zeke Cohen
Brandon Scott
Ryan Dorsey
Bill Henry
Leon Pinkett
Kristerfer Burnett
John Bullock
Eric Costello
Robert Stokes
Sharon Sneed
Mary Pat Clarke

Bill Synopsis in the file?	☒ yes	☐ no	☐ n/a
Attendance sheet in the file?	☒ yes	☐ no	☐ n/a
Agency reports read?	☒ yes	☐ no	☐ n/a
Hearing televised or audio-digitally recorded?	☒ yes	☐ no	☐ n/a
Certification of advertising/posting notices in the file?	☐ yes	☐ no	☒ n/a
Evidence of notification to property owners?	☐ yes	☐ no	☒ n/a
Final vote taken at this hearing?	☒ yes	☐ no	☐ n/a

Motioned by:.....**Councilmember** President Young
Seconded by:.....**Councilmember** Scott
Final Vote:.....Favorable

Major Speakers

(This is not an attendance record.)

- Mr. William Cole, Baltimore Development Corporation
- Mr. Stephen Kraus, Department of Finance
- Mr. Michael Braverman, representing Department of Housing and Community Development/Housing Authority of Baltimore City

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Major Issues Discussed

1. Councilwoman Middleton read the bill into the record and introduced committee members.
2. President Young provided opening comments about the need to have the public educated about development and tax incentives.
3. Councilman Bill Henry provided background information and explained the purpose of the bill.
4. Mr. William Cole gave a presentation (Payment In Lieu of Taxes (PILOTs)) on behalf of Baltimore Development Corporation. He provided historical information about the use of PILOTs in Baltimore.
5. Mr. Stephen Kraus gave a presentation *("City of Baltimore Tax Increment Financing Program – 11/2017*) on behalf of the Department of Finance. He provided historical information about the use of TIFs and also explained the process for obtaining TIFs. He provided the committee with a handout entitled, *"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).*
6. Mr. Michael Braverman gave a presentation about how local, state and federal incentives are used to create and support different types of housing in Baltimore. (See map handouts *Projects Which Applied for HPMRTC; State Partnerships; HOME RAD; Homeowner Support (Rehabilitation and Incentives); Demolition; CDBG; Acquisition and Disposition).*
7. Committee members asked questions and discussed development strategies and how the City might move forward in using tax incentives to provide affordable housing.

Further Study

Was further study requested? ☐ **Yes** ☒ **No**

If yes, describe.