

**DEPARTMENT OF FINANCE  
BUREAU OF ACCOUNTING AND PAYROLL SERVICES  
CLEMENT RULEY, DEPUTY CHIEF**

**COUNCIL RESOLUTION 08-0073R  
NOVEMBER 3, 2008**

**OVERVIEW OF LOW INCOME AND ELDERLY HOUSING PILOTS**

The Department of Finance and the PILOT Committee administers the City of Baltimore's (City) Low Income and Elderly Housing PILOT Program. The object of the program is to make affordable housing available to low income families, elderly and disabled citizens of the City. The Program is administered in accordance with State law. Each PILOT request is reviewed to determine both the project eligibility and the need for financial assistance from the City. After this process is complete, the committee submits its recommendation to the Board of Estimates for approval.

Currently there are 51 active Low Income and Elderly Housing PILOTS with annual billings of \$3,866,838. Actual PILOT payments are usually based on the percentage of gross rents. The attached schedule provides a listing of all current Low Income and Elderly Housing PILOTS.



**City of Baltimore**  
**Low Income and Elderly PILOTS**

<u>PROJECT NAME</u>	<u>ADDRESS</u>	<u>AMOUNT BILLED</u>
Advent Senior Housing	1234 W. Baltimore Street	27,840.00
Apostolic Towers	201 N. Washington Street	89,271.48
Bellview Manchester	324-344 Bloom Street	25,489.20
Bon Secours Housing	1800 Hollins Street	115,491.60
Bon Secours Housing II	400 Millington Avenue	114,502.80
Bond Street Apartments	900 N. Caroline Street	53,594.70
Boone Manor	1018 Pennsylvania Avenue	21,015.00
Bradford Street Development Corp	Various Addresses	15,543.60
Carroll Manor	701 N. Arlington Avenue	112,848.00
Chateau Foghorn Limited Part.	4800 Yellowwood Avenue	139,995.00
Christ Church	600 Light Street	63,221.76
Claridge Towers	2501 Violet Avenue	100,000.00
Concord Apartments	2500 W. Belvedere Avenue	52,032.24
Crossroads Apartments	851-869 Lemmon Street	12,921.02
Epiphany House	5606-5620 York Road	21,483.00
G. S. Housing	1651 E. Belvedere Avenue	121,628.40
Greater New Hope Towers	2725 Walbrook Avenue	111,600.00
Greenwillow Manor Apartments	922 Pennsylvania Avenue	89,502.50
Hanover Square	1 West Conway Street	172,033.10
Har Sinai	3611 Fordslane	69,521.76
Harlem Gardens, LP	1700 Edmondson Avenue	52,910.57
Help II, LLC	801 Aliceanna Street	223,624.34
Kernan Apt., LLC (Congress Hotel)	360 W. Franklin Street	5,821.16
Lanvale Apartments	1600 Rutland Avenue	27,132.00
Lanvale Towers	1330 E. Lanvale Street	215,754.00
Lexington Terrace L.P.	751 W. Saratoga Street	41,324.79
Manhattan Park Apartments	5715-5719 Park Heights Avenue	56,457.00
Memorial Apartments	301 McMechen Street	85,227.84
Micah House	5297 York Road	19,246.80
Monumental Gardens	1500 Aisquith Street	40,430.90
Mt. Pleasant Associates (MVP)	5610-5618 McClean Blvd.	76,247.34
Naomi Project Limited Part.	2311 Argonne Avenue	19,979.40
New Waters Tower	1400 E. Madison Street	213,880.80
O'Donnell Square	1024 S. Decker Avenue	9,069.60
Orchard Gardens	640 W. Franklin Street	125,269.20
Parkview at Coldspring Ltd Part	4803 Tamarind Road	58,203.68
Pentecostal Housing	1401 Lakewood Avenue	79,756.20
QDC Baltimore, LLC	300 W. Lombard Street	64,114.32
SKB Development Limited Part.	831-835 W. Pratt Street	106,680.60
St. James Terrace	801-822 Arlington Avenue	73,735.92
St. Mary's Roland View Towers	3838-3839 Roland Avenue	120,626.64
St. Paul Street, LLC	501 St. Paul Place	19,731.60
Sharp Leadenhall	1020 Leadenhall Street	141,253.20
Southern School	201 Warren Avenue	54,028.80
Target City	201 Warren Avenue	56,073.90
Walker Daniels	2100-2102 Madison Avenue	24,494.40
United Presby Minist.	524 N. Charles Street	106,959.60
WDP Saratoga LLC	222 E. Saratoga Street	20,599.64
Weinberg Woods	3211 Clarks Avenue	50,025.60
Woodbourne Woods, Inc.	1650 Woodbourne Avenue	57,084.00
Woodland Street Apartments	1512 Pennsylvania Avenue	91,558.80
		3,866,837.80

**INFORMATIONAL HEARING RELATING TO  
TAX INCREMENT FINANCING**

**November 3, 2008**

**Stephen Kraus, Chief, Bureau of Treasury Management**

**BACKGROUND**

- Tax Increment Financing (TIF) is an important and useful tool available to Baltimore City, to encourage development of projects that are in the public interest, and that would not occur without public assistance.
- This mechanism is implemented consistent with the City's land use and economic development goals, and encourages development that would otherwise not occur but for the City's participation in the financing structure ("but for" test).
- The City's authority to issue TIF Bonds is established under Article II, Section 62 of the Baltimore City Charter. 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.
- In addition to the tax increment, the City typically will require that the TIF Bonds be also secured by a special tax levied on the development district, pursuant to Article II Section 62A of the Baltimore City Charter.
- 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 owner/developer in the district 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.

**TIF BONDS**

- 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) is available to pay debt service on 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.





- TIFs function by pledging property tax increment 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.
- TIF Bonds can be used to fund public improvements within the TIF district, such as streets, curbs, sidewalks, site removal, sewer, parking and streetscape.

#### TIF POLICY

- The City Board of Finance adopted a formal TIF Policy that provides a process and format for all TIF requests that includes:
  - Confirmation that the use of the TIF shall advance the City’s land use, economic development, and public improvement goals,
  - 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,
  - Ensuring the “but for” test is met and that assistance is limited to a reasonable amount that makes the project feasible.
- The TIF policy includes a five step process prior to the actual issuance of debt:
  - 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.
  - Presentation of the proposed TIF to the Board of Finance for conceptual approval. 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.
  - Presenting the proposed legislative package creating the TIF (and related special taxing district) to the Board of Finance for approval.
  - Presenting the proposed legislative package creating the TIF (and related special taxing district) to the City Council, and if required, the Board of Estimates.
  - The final step (following City Council and BOE approval) shall be the submission for approval of documents authorizing the proposed issuance of bonds to the Board of Finance.

#### ANNUAL MONITORING

- Once the TIF is complete and the project is generating increment, the City’s financial advisor submits annually a special tax report that tabulates the amount of tax increment generated by the development district, and compares this total to the debt service due.

- If the incremental revenues are not sufficient to pay debt service on the bonds, the report will identify the amount of the deficiency.
- In cases where a deficiency exists, the City submits a miscellaneous bill to the property holder/developer for the balance of the debt service, as identified in the special tax report.
- This process is repeated annually for each TIF project with debt outstanding.

#### TIF PROJECTS

- The City has \$92.8 million in TIF bonds outstanding for 7 projects. The projects and amounts are show below:

Harborview	\$7,479,000
Belvedere Square	1,899,000
Strathdale	5,968,000
Clipper Mill	7,877,000
North Locust Point	2,890,000
Mondawmin Mall	12,200,000
Hopkins Biotech Research Park	<u>54,705,000</u>
Total	\$93,018,000

- The City has two TIF districts that are pledged to other debt as follows:
  - Gateway South/West Baltimore – Revenues are pledged to a \$13,275,000 HUD section 108 loan. The TIF revenues are pledged to repayment of the loan, but are not expected to be utilized.
  - Convention Center Headquarters Hotel - Tax increment from the convention center hotel is pledged to pay debt service on the hotel bonds.
- In addition to the projects listed above, the Board of Finance has conceptually approved Westport, and Harbor Point TIFs. Legislation for the former is currently before the Council, and legislation for the latter is expected to be submitted in the near future. Finally, the Charles Village development district was established but no debt has been issued.