


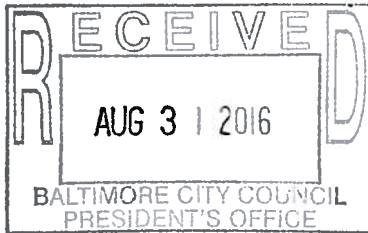
AK , Dept 7, for :

FROM	NAME & TITLE	Andrew Kleine, Chief	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of the Budget and Management Research Room 432, City Hall (410 396-4941)		
	SUBJECT	City Council Bill No.16-0735 Inclusionary and Affordable Housing Requirements – Increasing Program Participation		

TO

DATE: August 29, 2016

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



Attention: Ms. Natawna Austin

The Department of Finance has reviewed City Council Bill 16-0735, for the purpose of expanding the City's affordable and inclusionary housing program; creating a Fair Housing Board to oversee the affordable and inclusionary housing programs; and establishing the composition and duties of the Fair Housing Board.

Finance defers to Housing on the background and history of these programs, and the uses of the existing Affordable Housing Fund and Inclusionary Housing Fund.

Going forward, the bill states an intent to use a percent of transfer and recordation taxes to dedicate as contributions into the Affordable Housing Fund. It is our understanding of the law that the intent expressed in this bill is not binding. Any contributions into the Affordable Housing Fund, regardless of revenue source, must still be appropriated in the annual Ordinance of Estimates and this authority lies with the Board of Estimates.

However, Finance would still caution against the approach of dedicating a percentage of one revenue source for one particular purpose. In Fiscal 2017 the City budgeted \$64 million for transfer and recordation taxes. These taxes represent 3.6% of the City's General Fund budget and are already used to support core City services. The City faces unrelenting fiscal pressure on its General Fund, and dedicating revenues for one purpose runs counter to sound financial management by limiting the City's flexibility to meet the most urgent needs in any given year. In the longer term, this strategy could also impede the City's progress on other key goals such as property tax relief and infrastructure investment.

For these reasons, the Finance Department opposes City Council Bill 16-0735. The Finance Department is happy to provide additional information or clarification as requested.

CC: Henry Raymond

Unfavorable

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