


FROM	NAME & TITLE	Jennell Rogers, Chief <i>JR</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Bureau of Treasury Management 200 Holliday Street, Room 7		
	SUBJECT	City Council Bill 20-0588 – Perkins Somerset Oldtown Bond Issuance		

TO

DATE:

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

September 16, 2020

Position: Support

The Department of Finance is herein reporting on City Council Bill 20-0588, Perkins Somerset Oldtown Bond Issuance the purpose of which is intended to provide for the issuance of special obligation bonds or notes in amount not to exceed \$105,000,000 for financing infrastructure improvements and related costs. The Bill also provides a pledge by the City of tax increment revenues and special tax revenues, subject to appropriation, to the payment of debt service on the special obligation bonds.

The Board of Finance has considered and approved the Special Obligation Bond request for this purpose on July 27, 2020; and approved the submission of this legislation to the President and Members of the City Council of Baltimore.

Background

The bonds will finance infrastructure improvements to support the Perkins Somerset Oldtown Development Plan which, encompasses a 244-acre transformation zone home to 5,939 residents, 89% of which are renters and 60% of which are living in poverty. The zone includes two public housing developments (Perkins and Douglas Homes), the former site of Somerset homes, and area redeveloped under Hope VI (Pleasant View Gardens, Latrobe Homes and Albemarle Square).

The Development Plan area is surrounded by dynamic urban neighborhoods that have experienced tremendous growth in recent years. This growth is expanding inward to Perkins from all sides, providing new employment opportunities in the services, retail, and entertainment sectors.

The Development Plan replaces the existing Perkins units one-for-one, and it includes provisions to ensure the long-term affordability for all other affordable housing units. The PSO Plan supplements affordable housing for existing residents with residences for a range of income levels, creating a vibrant community of new, modern, high-quality, well-designed, mixed-income housing. This new mixed-income housing, along with the proposed neighborhood investments, will serve as the cornerstone for reinvestment in the area, catalyzing new commercial, institutional, and additional residential development along the corridor connecting the Johns Hopkins medical campus to the Baltimore Harbor.

Fiscal Impact Analysis

The City will have no liability to repay the bonds other than the increased real property taxes. To ensure there are sufficient funds to repay the bonds, a proposed special taxing district is to be created for the purpose of levying and collecting special taxes to cover any shortfalls between debt service and tax increment revenues. The parcels in the special tax district are only those proposed for development. No other properties are included in the special taxing district. Additionally, certain parcels of residential development proposed primarily for low income housing will not be subject to special taxes.

Conclusion

The Department of Finance supports the legislation to authorize the issuance of special obligation bonds and the pledge for the Perkins Somerset Oldtown development. The bond issuance will finance certain public and infrastructure improvements needed to support the Perkins Somerset Oldtown Development Plan.

For the reasons stated above, the Department of Finance supports City Council Bill 20-0588.

cc: Matthew Stegman

Nina Themelis