



Brandon M. Scott
Mayor

City Council Bills 24-0594 and 24-0595

24-0594 City-Wide Affordable Housing Bond Issuance and 24-0595 City-Wide Affordable Housing Development District

PREPARED BY
Department of Housing and Community Development

November 12, 2024

City-Wide Affordable Housing TIF

Areas of Information:

1. Status
2. Overview of the Affordable Housing TIF
3. Vacancy Reduction Initiative
4. 24-0594 City-Wide Affordable Housing Bond Issuance
5. 24-0595 City-Wide Affordable Housing Development District



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City Council Bill 24-0594: For the purpose of authorizing the issuance of special obligation bonds in an amount not to exceed \$65,000,000 for the purpose of financing costs associated with the rehabilitation of vacant units and the development of affordable housing, certain public infrastructure improvements and other related costs including the development district

Areas of Information:

1. Authorization amount
2. Key elements of legislation
3. Compliance and reporting
4. Establishing tranches
5. Establishing the increment and repaying the bonds



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City Council Bill 24-0595: For the purpose of designating a “development district” to be known as the “City-Wide Affordable Housing Development District” and determining various matters in connection with the development district

Areas of Information:

1. Overview of properties in development district
2. Criteria for selection
3. Amendment



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STATUS



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Legislation Status

- **May 20, 2024 Board of Finance conceptual approval**
- **July 3, 2024 Council President briefing**
- **July 15, 2024 Council President briefing**
Councilwoman Ramos briefing
Board of Finance approval to introduce legislation
- **August 6, Councilwoman McCray briefing**
- **August 8, 2024 Councilman Glover briefing**
- **August 9, 2024 Councilman Bullock briefing**
Councilman Conway briefing
Councilman Costello briefing
- **August 13, 2024 Councilman Burnett briefing**
- **August 14, 2024 Councilman Cohen briefing**
- **August 15, 2024 Councilman Dorsey briefing**
- **September 17, 2024 Councilman Torrence briefing**
- **September 30, 2024 City Council Introduction**
- **October 10, 2024 Planning Commission approval**
- **October 16, 2024 Councilman Stokes briefing**
- **October 21, 2024 Councilwoman Middleton briefing**
- **October 27, 2024 Council President briefing on updated PRAG study**



OVERVIEW OF THE AFFORDABLE HOUSING TIF



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Affordable Housing TIF Overview

Overview

- First City TIF to focus on neighborhoods
- Citywide
- Multiple users
- Supports affordable housing
- Creates equitable and mixed-income neighborhoods



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Affordable Housing TIF Objectives

Objectives

- \$65 million bond authorization
- Part of a broader \$150 million TIF strategy over 15 years
- Supports Mayor's 15-year, \$3 billion Vacancy Reduction Initiative
- Provides large-scale infusion of funds to work at scale
- Funds projects city-wide
- Supports a whole-block redevelopment
- Closes appraisal gap – increases property tax revenues
- Builds wealth and equity by emphasizing homeownership
- Ensures every-day residents can request an allocation of funds
- Emphasis on equity: priority given to legacy residents, households earning 60% of area median income, small and emerging developers



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Affordable Housing TIF Implementation

Implementation

- TIF funds will be managed by DHCD
- All funds will be provided as grant
- Funds for small and individuals will be based on DHCD's Developer Incentive Program
- Public infrastructure funding will be subject to approved Developers Agreement
- Funds will be paid based on approved budgets, scopes of work and invoices



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Use of TIF funds

TIF funds can be used for 2 purposes:

1. Hard construction costs to restore vacant buildings
2. Design and construction of new public infrastructure so that construction of new housing can proceed



VACANCY REDUCTION INITIATIVE

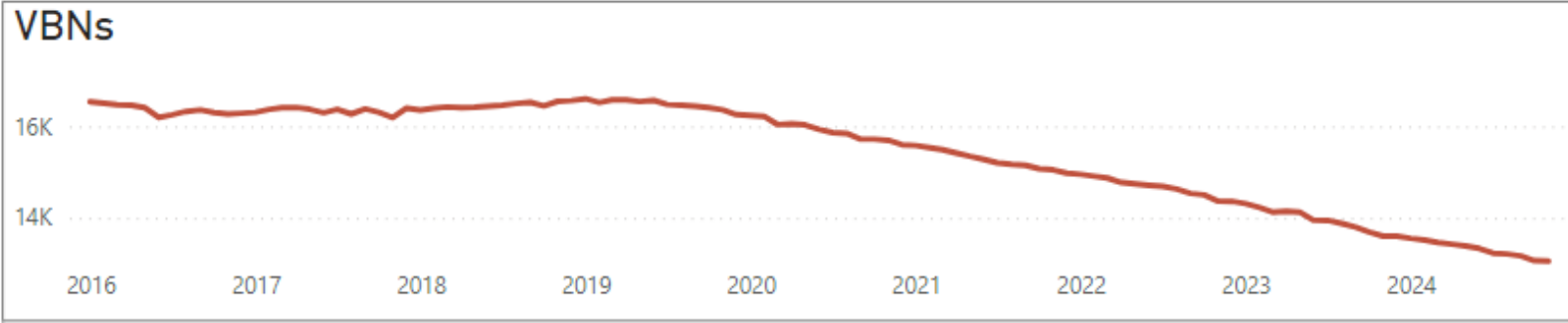


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Vacancy Reduction: 17.6% Decrease since January 2020

13,051

VBN Count



VBN
Ownership

894

City

12,035

Private

122

Other



Partnership to End Vacant Housing Crisis

December 11, 2023

- Historic agreement between BUILD, GBC, and Mayor Scott to address vacant and abandoned housing crisis in the city at scale, over 15 years.
- \$900+ million State commitment (including BVRI, BRNI)
- \$300 million City commitment (including the TIF)



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24-0594 CITY-WIDE AFFORDABLE HOUSING BOND Issuance



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Bond Authorization

Maximum Bonds and Terms and Conditions

- Authorizes the Council to issue up to \$65 million in bonds
- Recognizes goal of \$150 million
- Requires development spending plan that is endorsed by Chief Equity Officer and submitted to Council that prioritizes 1 or more of the following:
 - Principal developer is a legacy resident
 - Development Plan demonstrates at least 20% of occupants will be legacy residents
 - 15% of legacy residents will earn 80% of ami and 15% will earn 60% of ami
- Departments of Finance & Housing prepare annual report that is submitted to Council
- Department of Finance provides updated PRAG study and bond rating



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Generating Increment and repaying the bonds

- The size of each TIF bond will be supported by the increase in property taxes within the TIF District
- First Bond Tranche only: increment will be supported by formerly vacant properties that were rehabbed and received a Use and Occupancy permit between January 1, 2023, and the last reassessment before bonds are issued
- Additional bond sales will be supported by a combination of redevelopment of properties that received an allocation of TIF properties and other vacant properties that received a Use and Occupancy permit



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Fiscally Prudent Approach

Approach to selling tranches does not impact City's Bond Rating

- The city requested an updated debt study by the Public Resources Advisory Group (PRAG) that includes TIF scenarios
- Updated PRAG study found that key benchmarks is consistent with the city's current AA GO Bond rating can be maintained in all tested scenarios.
- Scenarios included both gradual and accelerated issuance of either the \$65 million in TIFs authorized under this legislation, or the full \$150 million eventually envisioned in the city's strategy
- All things being equal, the PRAG study notes that selling bonds in multiple tranches across a longer period is the safest approach



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Differences with Other TIFs

- **Non-contiguous approach** allows for direct targeting of vacant properties as well as a comprehensive citywide impact
- **A special tax is not required** because rehabbing vacant properties provides a sufficient assessment increment
- **There is no master developer**, but rather a mix of many developers of all sizes as well as some individual homeowners
- **Debt backed by existing revenue** rather than expected future returns



No Impact on GO Bonds

DOES NOT IMPACT CITY'S FINANCIAL STANDING OR RESOURCES

- The City has no liability for TIF debt service beyond the legally designated tax increment, as is standard on all TIF bonds
- Debt will only be issued when tax increment revenues in an amount exceeding **125% coverage** of debt service have been demonstrated
- Remaining risk assumed by bond holders
- Any extra property tax revenue above and beyond what is needed for debt service coverage is required to be transferred to the General Fund



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Marketability of TIF Bonds

Strong Market Demand for TIF Bond Debt

- Past issues of TIF Bonds, both in Baltimore and nationally, have been significantly oversubscribed
- TIF Bonds without special backing are common nationally
- Baltimore's staggered revenue approach provides additional safety to investors
- Non-contiguous approach means any risk is further diffused across thousands of properties
- TIF bonds carry some interest premium, but it is modest and manageable
- GO bonds are good, but TIF bonds provide a vital accompaniment



24-0595 CITY-WIDE AFFORDABLE HOUSING DEVELOPMENT DISTRICT



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Citywide TIF District

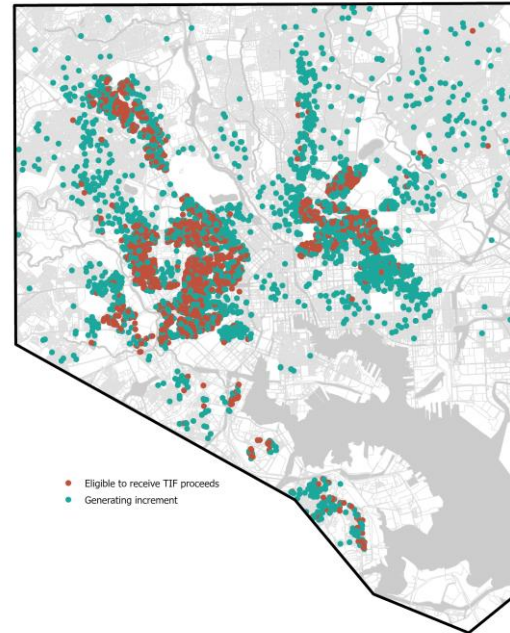
Focuses on disinvested communities

- TIF District includes 7,925 properties located in approximately 197 neighborhoods
- Includes Impact Investment Areas and communities where DHCD is actively working to reduce vacancies and promote new development
- 2 groups of properties
- Properties eligible to receive allocation of TIF funds and
- Properties used to generate increment for the first tranche



Selecting TIF Properties

Criterion	Properties
2023 Rehabs/Sales for First Increment	1203
2024 Rehabs/Sales for First Increment (through August 1 st)	732
VBNs with Open Permits for Increment	1999
In Rem Eligible VBN	2296
ARPA Acquisition	97
MCC-owned VBN	489
Other VBN Acquisition on Priority Block	50
Vacant Buildings Necessary for Development Project	118
Vacant Lots Necessary for Development Project	941
Total	7,925
TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF	3,991



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TIF Properties by Council District

Focuses on disinvested communities

- TIF District includes approximately 197 neighborhoods
- Includes Impact Investment Areas, Vacancy Reduction and Other Areas of Interest
- 2 groups of properties
- Properties used to generate increment for the first tranche
- Properties eligible to use TIF Funds for public infrastructure and redevelopment



Summary by Council District

COUNCIL DISTRICT	TOTAL ORIGINAL PROPOSED PROPERTIES	TOTAL REVISED PROPOSED PROPERTIES
1st District	7	112
2nd District	11	77
3rd District	12	50
4th District	25	118
5th District	41	113
6th District	443	772
7th District	566	960
8th District	37	166
9th District	1,513	2,241
10th District	148	400
11th District	133	280
12th District	740	1,246
13th District	288	858
14th District	321	532
TOTAL	4,285	7,925



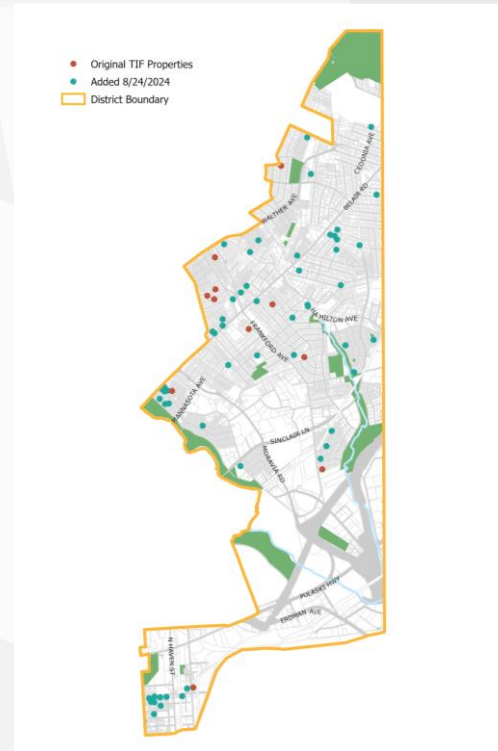
1st Council District

Criterion	Properties
2023 Rehabs/Sales for First Increment	30
2024 Rehabs/Sales for First Increment (through August 1 st)	21
VBNs with Open Permits for Increment	61
In Rem Eligible VBN	0
ARPA Acquisition	0
MCC-owned VBN	0
Other VBN Acquisition on Priority Block	0
Vacant Buildings Necessary for Development Project	0
Vacant Lots Necessary for Development Project	0
Total	112
TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF	0



2nd Council District

Criterion	Properties
2023 Rehabs/Sales for First Increment	35
2024 Rehabs/Sales for First Increment (through August 1 st)	17
VBNs with Open Permits for Increment	24
In Rem Eligible VBN	1
ARPA Acquisition	0
MCC-owned VBN	0
Other VBN Acquisition on Priority Block	0
Vacant Buildings Necessary for Development Project	0
Vacant Lots Necessary for Development Project	0
Total	77
TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF	1



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3rd Council District

Criterion	Properties
2023 Rehabs/Sales for First Increment	17
2024 Rehabs/Sales for First Increment (through August 1 st)	7
VBNs with Open Permits for Increment	23
In Rem Eligible VBN	3
ARPA Acquisition	
MCC-owned VBN	
Other VBN Acquisition on Priority Block	
Vacant Buildings Necessary for Development Project	
Vacant Lots Necessary for Development Project	
Total	50
TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF	3



4th Council District

Criterion	Properties
2023 Rehabs/Sales for First Increment	43
2024 Rehabs/Sales for First Increment (through August 1 st)	25
VBNs with Open Permits for Increment	43
In Rem Eligible VBN	7
ARPA Acquisition	0
MCC-owned VBN	0
Other VBN Acquisition on Priority Block	0
Vacant Buildings Necessary for Development Project	0
Vacant Lots Necessary for Development Project	0
Total	118
TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF	7



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5th Council District

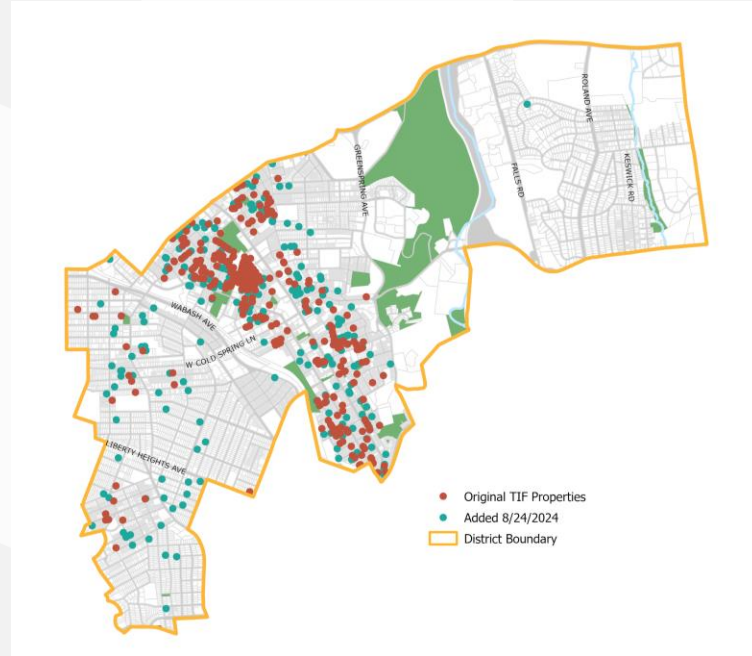
Criterion	Properties
2023 Rehab/Sales for First Increment	29
2024 Rehab/Sales for First Increment (through August 1 st)	24
VBNs with Open Permits for Increment	27
In Rem Eligible VBN	27
ARPA Acquisition	0
MCC-owned VBN	4
Other VBN Acquisition on Priority Block	0
Vacant Buildings Necessary for Development Project	2
Vacant Lots Necessary for Development Project	0
Total	113
TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF	33



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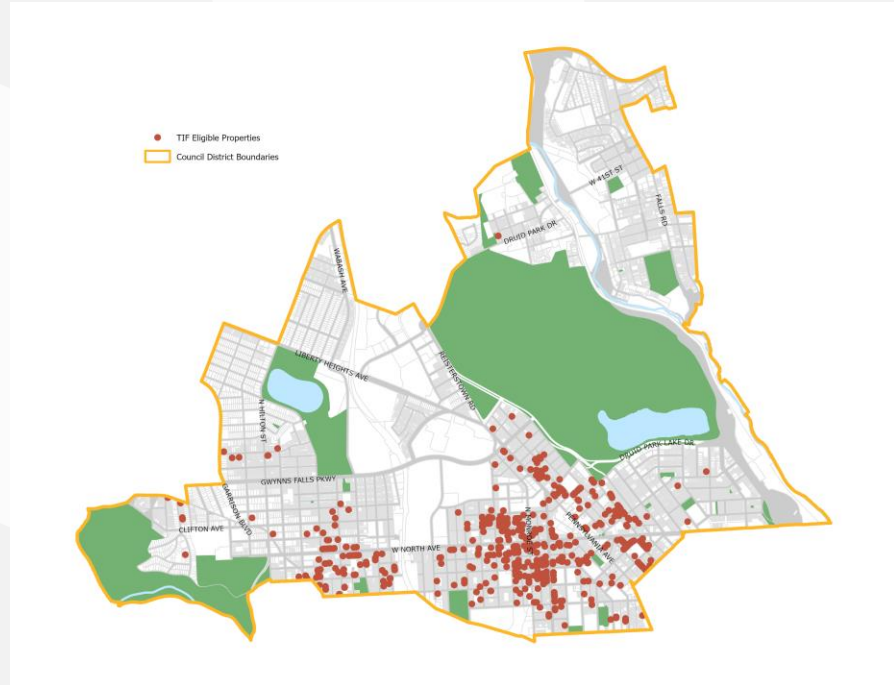
6th Council District

Criterion	Properties
2023 Rehabs/Sales for First Increment	122
2024 Rehabs/Sales for First Increment (through August 1 st)	70
VBNs with Open Permits for Increment	149
In Rem Eligible VBN	197
ARPA Acquisition	2
MCC-owned VBN	41
Other VBN Acquisition on Priority Block	5
Vacant Buildings Necessary for Development Project	11
Vacant Lots Necessary for Development Project	175
Total	722
TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF	431



7th Council District

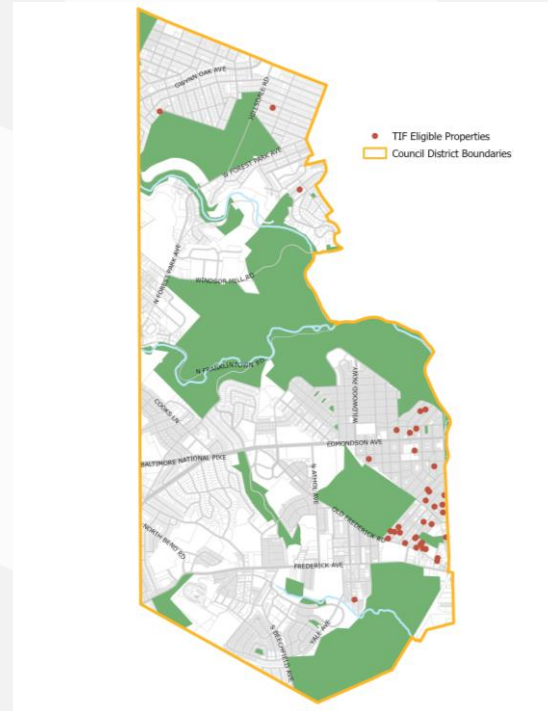
Criterion	Properties
2023 Rehabs/Sales for First Increment	118
2024 Rehabs/Sales for First Increment (through August 1 st)	72
VBNs with Open Permits for Increment	230
In Rem Eligible VBN	404
ARPA Acquisition	26
MCC-owned VBN	59
Other VBN Acquisition on Priority Block	0
Vacant Buildings Necessary for Development Project	8
Vacant Lots Necessary for Development Project	43
Total	960
TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF	540



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8th Council District

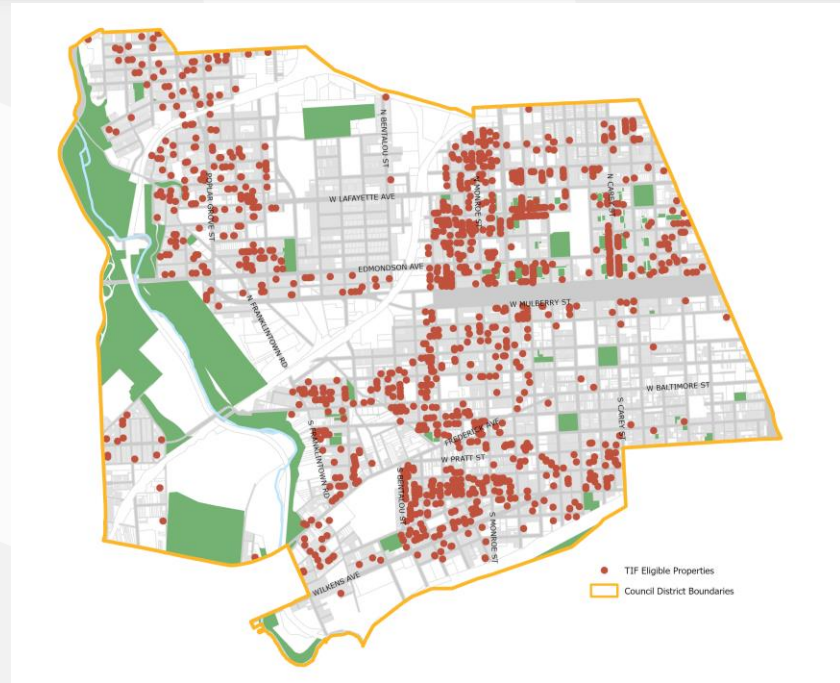
Criterion	Properties
2023 Rehabs/Sales for First Increment	49
2024 Rehabs/Sales for First Increment (through August 1 st)	25
VBNs with Open Permits for Increment	63
In Rem Eligible VBN	0
ARPA Acquisition	
MCC-owned VBN	1
Other VBN Acquisition on Priority Block	0
Vacant Buildings Necessary for Development Project	0
Vacant Lots Necessary for Development Project	0
Total	166
TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF	29



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9th Council District

Criterion	Properties
2023 Rehabs/Sales for First Increment	192
2024 Rehabs/Sales for First Increment (through August 1 st)	118
VBNs with Open Permits for Increment	460
In Rem Eligible VBN	1024
ARPA Acquisition	2
MCC-owned VBN	196
Other VBN Acquisition on Priority Block	21
Vacant Buildings Necessary for Development Project	7
Vacant Lots Necessary for Development Project	221
Total	2241
TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF	1471



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10th Council District

Criterion	Properties
2023 Rehabs/Sales for First Increment	93
2024 Rehabs/Sales for First Increment (through August 1 st)	57
VBNs with Open Permits for Increment	131
In Rem Eligible VBN	101
ARPA Acquisition	0
MCC-owned VBN	5
Other VBN Acquisition on Priority Block	13
Vacant Buildings Necessary for Development Project	0
Vacant Lots Necessary for Development Project	0
Total	400
TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF	119



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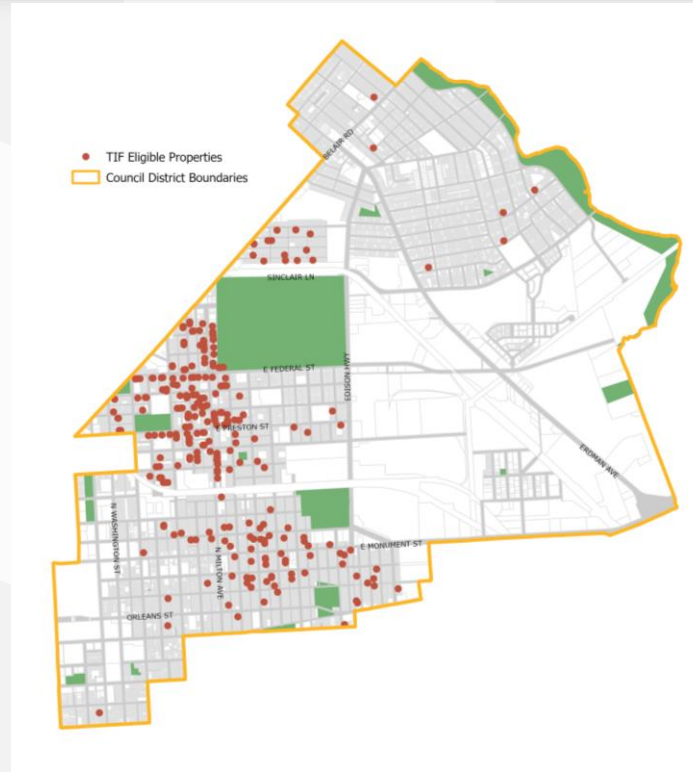
12th Council District

Criterion	Properties
2023 Rehabs/Sales for First Increment	150
2024 Rehabs/Sales for First Increment (through August 1 st)	93
VBNs with Open Permits for Increment	292
In Rem Eligible VBN	231
ARPA Acquisition	28
MCC-owned VBN	89
Other VBN Acquisition on Priority Block	2
Vacant Buildings Necessary for Development Project	79
Vacant Lots Necessary for Development Project	282
Total	1246
TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF	711



13th Council District

Criterion	Properties
2023 Rehabs/Sales for First Increment	221
2024 Rehabs/Sales for First Increment (through August 1 st)	140
VBNs with Open Permits for Increment	272
In Rem Eligible VBN	189
ARPA Acquisition	0
MCC-owned VBN	36
Other VBN Acquisition on Priority Block	0
Vacant Buildings Necessary for Development Project	0
Vacant Lots Necessary for Development Project	0
Total	189
TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF	225



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14th Council District

Criterion	Properties
2023 Rehabs/Sales for First Increment	76
2024 Rehabs/Sales for First Increment (through August 1 st)	48
VBNs with Open Permits for Increment	112
In Rem Eligible VBN	59
ARPA Acquisition	20
MCC-owned VBN	20
Other VBN Acquisition on Priority Block	3
Vacant Buildings Necessary for Development Project	5
Vacant Lots Necessary for Development Project	189
Total	532
TOTAL POTENTIAL PROPERTIES THAT CAN BENEFIT FROM TIF	296



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Amendment

Additional 672 Properties

- DHCD is requesting that an additional 672 properties be added to the Development District.
- 66 of these properties are vacant and are being added at the request of DHCD's community development partners and could benefit from TIF proceeds to support development interest.
- The remaining 606 properties will be used to either support increment for the first tranche of bonds or could potentially support a future bond tranche.



THANK YOU!



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