

# MEMORANDUM



Robin Carter, Chairperson, Board of Commissioners | Janet Abrahams, President | Chief Executive Officer

To: The Honorable President and Members of the Baltimore City Council  
c/o Natawna Austin, Executive Secretary

From: Janet Abrahams, President and Chief Executive Officer 

Date: February 9, 2021

Re: City Council Bill 21-0001R Investigative Hearing – Affordable Housing Trust Fund

The Housing Authority of Baltimore City (HABC) has received the referral for comment on City Council Bill 21-0001R, an Investigative Hearing – Affordable Housing Trust Fund. HABC provides federally funded housing programs and related services for Baltimore’s low-income households. Through our Public Housing and Housing Choice Voucher (HCV) programs, HABC serves approximately 43,000 residents, including some of the city’s most vulnerable populations such as the elderly, persons with disabilities, veterans and families with children, and through the traditional public housing sites, scattered site public housing and HCV program, HABC supported residents live in every zip code in Baltimore City.

HABC has no specific role in the Affordable Housing Trust Fund (AHTF), the Commission that oversees it, or the processes and procedures that the Baltimore City Department of Housing and Community Development (DHCD) or the City of Baltimore employs to provide revenue into or disbursements from the AHTF.

HABC is pleased that the AHTF was created and that the fund is a proactive step for the increase of affordable housing opportunities in Baltimore. HABC has participated in the work that the Commission and DHCD undertook to craft the priority funding areas, and as the co-recipient (along with the City of Baltimore) of the PSO Choice Neighborhoods grant from the United States Department of Housing and Urban Development (HUD), HABC is anticipating being able to utilize AHTF funding in the multiple layers of funding that will underpin this almost one-billion dollar redevelopment initiative that will provide affordable housing opportunities within mixed-income communities in the PSO footprint.

Specifically, in support of the creation and continued full funding of the AHTF, HABC notes:

- 1) The AHTF is an integral part of the financing of the PSO Transformation plan. Without the committed AHTF funds for PSO, we won’t be able to deliver the required Choice Neighborhood housing units on time (prior to the September 2025 deadline).
- 2) The comprehensive approach to PSO neighborhood revitalization puts lower-income residents at the forefront by including one-for-one replacement of HABC public housing units; continuing to provide

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permanent affordable housing to public housing residents through referrals that must come from the HABC low income housing waiting list; increasing income capped affordable units throughout the footprint; creating a purposeful, mixed income redevelopment that does not concentrate poverty in high-density areas; and by mandating that all units have the same features and amenities so that affordable and market rate units are indistinguishable.

3) The sites of the former Somerset Homes and the current Perkins Homes will now be filled with not only replacement public housing units, but also low-income, affordable units, as well as market rate units – a total of 1,342 new rental units across the two site – plus additional mixed-income development in Oldtown and around the current Perkins Homes.

HABC is aware of the many demands for uses of funding placed on the AHTF, and this coupled with the uncertain revenue that funds its activities are areas of concern. It is not within HABC's purview to dictate how the City of Baltimore tackles these issues, but HABC recognizes them and is ready to partner for long-lasting, stable affordable housing opportunities whenever possible.

Originally, AHTF identified and committed \$6M for Choice Neighborhoods projects (\$2M/year for 3 consecutive years). HABC understands that the currently allocated funds (\$3M) have strict stipulations about what they can and cannot be used for – not for parks, City Springs School, or demolition. HABC is currently working with our development team to see if there are costs with less restrictive funding that can be exchanged for AHTF funds so that those activities that must be done presently to keep the project on track can be completed, like up-front demolition or pre-development activities. In addition, reductions in the allocated \$6M, shortfalls that were not indicated in the priority plan distributed by the AHTF Commission, could contribute to placing various phases of this project at risk.

HABC understands the desire of the City of Baltimore to have those funds allocated spent down as soon as possible; however, due to the complex nature of the phasing of PSO redevelopment activities (and the mixed income/mixed-use nature of the housing phases) there may be difficulties in utilizing the AHTF allocations as quickly or within the strict activities mandated by the charter.

HABC is currently counting on \$500,000 of AHTF funds for the closing of Perkins Phase I, projected for April/May 2021. An additional \$1M is projected for Perkins Phase II (projected closing Q1/Q2 of 2022). Perkins Phase II was just awarded 9% LIHTC in January 2021 by the State of Maryland. The lack of previous 9% LIHTC allocations to phases of this project are part of the delay and difficulty in using AHTF funds since those phases of the project have been delayed, or have had to move forward with 4% LIHTC allocations, rather than the more competitive 9% allocations.

In the future, HABC will look to reposition and redevelop aging public housing along this same PSO/Choice framework. As these redevelopments rely on multiple interconnected sources of funding, and are at their base ways to redevelop, expand, and de-densify affordable housing, the AHTF allocations

will play a vital role in shoring up the City of Baltimore’s commitment to these affordable housing redevelopment strategies.

In conclusion, HABC will continue to use its federal funding to serve the residents of Baltimore by providing affordable housing opportunities to those with the lowest incomes. The Affordable Housing Trust Fund is a valuable and needed piece of the overall puzzle of increasing the supply affordable housing, and HABC welcomes any partnership that allows building or revitalizing sustainable, mixed-income housing opportunities in Baltimore City.