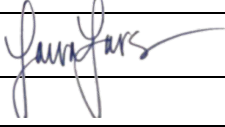




CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Laura Larsen, Budget Director 
DATE	November 12 th , 2024
SUBJECT	City Council Bill 24-0608

Position: Oppose

The Department of Finance is herein reporting on City Council Bill 24-0608, for the purpose of requiring the Departments of Housing and Community Development and Planning to submit a joint report to the City Council prior to seeking the approval of the Board of Estimates of an agreement between the City and an owner or owners of a qualifying affordable or inclusionary housing development that provides for the payment to the City of a negotiated amount in lieu of the payment of City real property taxes for a set term of years.

Background

The City of Baltimore, through the Board of Estimates, is authorized by the State of Maryland to exempt property owners from property taxes in certain instances (i.e. affordable housing). When these exceptions are made, property owners then enter into an Affordable Housing Payment in Lieu of the Taxes (PILOT) agreement.

PILOT requests are initiated by the Department of Housing and Community Development (DHCD). If the development meets the program requirements, the request gets prepared for review by the City's PILOT Committee. This committee is comprised of representatives from the Mayor's Office, Office of the City Council President, Comptroller, Finance, DHCD, and Law (non-voting). The committee is responsible for reviewing proposed agreements and making a recommendation to the Board of Estimates. This process is followed for both new projects requesting PILOT agreements and projects that change ownership. This legislation would require additional reporting requirements prior to consideration of the PILOT.

Fiscal Impact

In their response, the Law Department has raised a number of legal concerns regarding the proposed legislation. Finance estimates the additional reporting requirements would necessitate additional staff to support the PILOT committee. The estimated cost of the positions is approximately \$106,000 annually.

Other Considerations

The reporting requirements are extensive and would require the investment of time from the City and the developer. Some of the requirements are not defined or would be difficult to report on. Those that are undefined (i.e., a security plan, an environmental report), both in the bill and in the overall Article of the City Code in which it is placed. This lack of definition makes it difficult to properly comply with the law as it is intended. Requirements that would be difficult to create as written would be "a history of calls for public safety services in the 36 months preceding the pilot request." This requirement is difficult because

911 calls for service are at the hundred block level rather than address level.

In many cases, a developer of an Affordable Housing PILOT project has funding sources from many different entities with different requirements and timelines. Adding additional substantive reporting requirements before the project is allowed to be underway could complicate the ability for developers to keep financing together. This difficulty might lead to a decrease in the number of new Affordable Housing PILOT projects created as well as a lack of interest in purchasing properties that have an Affordable Housing PILOT.

Conclusion

For the reasons stated above, the Department of Finance opposes City Council Bill 24-0608.

cc: Michael Mocksten
Nina Themelis