



BALTIMORE HOUSING

STEPHANIE
RAWLINGS-BLAKE
Mayor

PAUL T. GRAZIANO
Executive Director, HABC
Commissioner, HCD

MEMORANDUM

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

From: Paul T. Graziano, Commissioner

Date: July 14, 2016

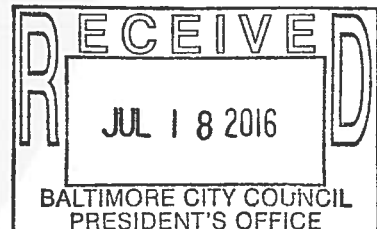
Re: **City Council Bill 16-0671 – Port Covington Special Taxing District**

The Department of Housing and Community Development (HCD) has reviewed City Council Bill 16-0671, FOR the purpose of designating a "special taxing district" to be known as the "Port Covington Special Taxing District"; providing for and determining various matters in connection with the establishment of the special taxing district; creating a special fund for the special taxing district; providing for the levy of a special tax on all taxable real and personal property located in the special taxing district; providing for a special effective date; and generally providing for matters relating to the designation and operation of the special taxing district, the establishment and use of the special fund to provide for the payment by or reimbursement to the City for debt service,...

If enacted, this bill, along with companion bills 16-0669 (Development District) and 16-0670 (Bond Issuance) would support the redevelopment of Port Covington by establishing the Port Covington Special Taxing District which authorizes the City to establish Tax Increment Finance (TIF) within the District to be used for the debt service of the Special Obligation Bonds. The companion bills would designate a Development District and authorize the issuance of special obligation bonds to fund public infrastructure improvements associated with the Port Covington Development.

The proposed Port Covington Master Plan of the 260-acre site is for a mixed-use community including needed expansion space for Under Armor, a Baltimore based company. The new construction will include office, retail, residential, hotel, parking and manufacturing space that will be developed over 25 years. A TIF fund will be established to finance the construction of public infrastructure, including public parks, piers and plazas; bike, pedestrian and transit improvements; site work; and associated public streets, alleys, sidewalks, lighting and utilities.

Fav w/ Comments





BALTIMORE HOUSING

STEPHANIE RAWLINGS-BLAKE
Mayor

PAUL T. GRAZIANO
Executive Director, HABC
Commissioner, HCD

The TIF is considered to be a public subsidy under the City's Inclusionary Housing (IH) Law (Article 13, Subtitle 2B) and triggers a review by HCD. The required HCD review of the project would determine how many, if any, Inclusionary Housing units must be built in conjunction with the development.

The issues to be decided by HCD are: 1) the total projected cost to the Developer of compliance with the IH Law; 2) the availability of City resources to provide cash offsets to the Developer or the possibility of increasing the Major Public Subsidy to provide the offset. The IH Law requires that the Developer shall not suffer additional financial burden and that the City's ability to require the units is limited by the City's ability to provide cost offsets and incentives to "fully offset the financial impact" of the units. Projects subject to the IH Law are required to set aside up to 20% of the total units for Inclusionary Housing. Based on the projected rental units provided by the developer to be developed in the project, the required analysis in the IH Law would require the amount of subsidy or cash contribution from the City to the Developer to produce Inclusionary Housing units to be over \$184M. Currently, the Inclusionary Offset Fund contains \$70,000.

Based on the provisions of the IH Law in this case, the Housing Commissioner determined that the project is exempt from the requirement to create affordable housing under the IH Law due to the lack of sufficient financial offset.

However, the Developer supports the policy goals of Inclusionary Housing and has agreed to provide either on-site affordable housing units or contribute money to the City in support of Inclusionary Housing. A Memorandum of Understand (MOU) sets forth the terms and conditions of the agreement. The following summarizes the key points of the MOU:

- The Affordable Housing goal will be 10% of all on-site residential units.
- Affordable housing is housing to be made available to households whose annual income is less than 80% of Area Median Income for the Baltimore metropolitan region, as established by the United State Department of Housing and Urban Development (hereafter "Affordable Housing")
- Affordable Housing units will be primarily one, two or three bedroom units (or as otherwise agreed by the parties), of comparable quality and design as other residential housing in the Project and managed in accordance with the same standards as other residential units within the Project.





BALTIMORE HOUSING

STEPHANIE
RAWLINGS-BLAKE
Mayor

PAUL T. GRAZIANO
Executive Director, HABC
Commissioner, HCD

- Developer will use commercially reasonable efforts to apply for public sources of subsidy for the Affordable Housing including but not limited to Low Income Housing Tax Credits.
- The City will make housing program resources available subject to funding availability, approval by the Board of Estimates, and compliance with federal, state and local law programmatic requirements and guidelines for the Affordable Housing.
- The City will support any applications for Low Income Housing Tax Credits or other programs which are competitive and/or require local government support. If the publicly subsidized Affordable Housing units cannot be constructed on a financially reasonable basis, Developer will contribute an amount to the Inclusionary Housing Fund. In lieu of and as an offset to the payment to the Fund, the Developer may count the value of any Affordable Housing unit that is not publicly subsidized and provided within the Project (each, a “Developer Subsidized Unit”) as a contribution under this MOU
- Pursuant to this MOU, within six months of the Effective Date, the parties shall negotiate and execute an agreement setting forth the terms under which (a) the Developer will report on the status of residential construction, including Developer Subsidized Units, and (b) the City will monitor and enforce the income and occupancy requirements of the Developer Subsidized Units.

The Department of Housing and Community Development supports the passage of City Council Bill 16-0671.

PTG:sd

cc: Ms. Angela Gibson, *Mayor’s Office of Government Relations*
Mr. Colin Tarbert, *Deputy Mayor*

